FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Central Eurasia

FBIS-SOV-96-147
Tuesday
30 July 1996

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FBIS-SOV-96-147 *30 July 1996*

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CIS: ITAR-TASS Carries Press Review for 30 Jul

LD3007055996 Moscow ITAR-TASS in English 0538 GMT 30 Jul 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 30 (Itar-Tass) — Follows a review of Tuesday's Moscow-based Russian newspapers dated July 30.

ROSSIYSKIYE VESTI runs an article by Minister of the Defence Industry Zinoviy Pak.

On the strength of specific examples, the Minister shows that "this industry does exist and turns out unique products. In many respects, we are still ahead of our competitors".

"The level of technology and armament so far makes it possible to ensure security guarantees. However, there is an urgent necessity to replenish those types of armaments, the prescribed service length of which draws to an end," the Minister emphasises.

IZVESTIYA carries an article about the business life of General Lev Rokhlin, Chairman of the Parliamentary Committee on Defence, who recently came forward with sensational exposes of corrupt generals in the leadership of the Russian Defence Ministry.

IZVESTIYA reprints an interview of Zelimkhan Yandarbiyev, leader of Chechen separatists, with the Polish newspaper Rzeczpospolita, in which he stated that he had buried Dzhokhar Dudayev with his own hands.

TRUD on prospects for reforms in Russia.

Under the headline "What awaits us by the year 2000?" the newspaper carries an article which points out that "the next four years must become decisive for the future of reforms in Russia. In practice this means that before the year 2000 it is essential to gain the favour of and credibility with the bulk of the population again. This time promises and requests to 'exercise patience' will not be enough any longer. Quite concrete actions are required to stabilise and then to raise the living standards of people".

SOVETSKAYA ROSSIYA on results of presidential elections.

The newspaper carries an article by Sergey Kara-Murza who reflects on the presidential elections results and on who supported Yeltsin this time, counting out, as the writer of the article put it, "a handful of the 'new Russians' with their pragmatic and even cynical calculations, and misled intellectuals."

RABOCHAYA TRIBUNA about Health Ministry budget requests.

The newspaper reports that only 20 per cent of the Russian Health Ministry's budget requests have been complied with in recent years.

"Physicians receive their salaries while medical scientists do not get even a half of their salaries at a time when major programmes are in the works, such as the transplantation of organs from animals to humans, artificial heart research. But the state of affairs regarding funding is such that the researchers lose heart", the newspaper writes.

KOMSOMOLSKAYA PRAVDA carries an interview with FBI Deputy Director James Moudy under the headline "The Russian mafia will be instantly crushed if it lifts its hand against an FBI agent".

The newspaper maintains that Moudy presented the newspaper with a list of the leaders of criminal groups which operate on U.S. territory.

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Russia: Primakov Says CIS 'Key Field' of Russian Foreign Policy

LD2907125996 Moscow ITAR-TASS in English 1234 GMT 29 Jul 96

[By Aleksandr Valiyev, Yuriy Kozlov, Tatyana Selivanova]

[FBIS Transcribed Text] MOSCOW, July 29 (Itar-Tass) — Russian Foreign Minister Yevgeniy Primakov addressed a meeting of Russian ambassadors to CIS states which opened in Moscow today to work for three days.

He said in his speech that the CIS integration and NATO's eastward expansion are major irritants in Russia's relations with the West.

"The negative attitude towards integration processes in the Commonwealth (of Independent States) territory and counteracting them on the part of some forces in the West stems from the drive to prevent the creation of a powerful centre in the new multi-polar world which is forming after the end of the Cold War," Primakov said.

He stressed that the CIS is the key field of Russia's foreign policies.

Primakov outlined as three priorities the strengthening of the integration, improvement of stability in Russia and other CIS states and solution of problems of Russian-speakers in the CIS through cooperation and integration.

"The policy of Russia towards the CIS has passed the period of search and acute interior political discussions, and is now becoming one of cores of the emerging national consensus," Primakov went on to say.

As for economic contacts within the CIS, Primakov said the Russian Foreign Ministry would focus on making the integration process steady and business cooperation between CIS regions dynamic.

Primakov cited as a challenge of increasing importance the settlement of regional conflicts in the CIS.

"In the recent months, we have stepped up peace-making efforts in all conflict zones. However, a breakthrough to a durable settlement has not happened anywhere so far," he admitted.

Primakov said the situation is most disturbing in Tajikistan and called for futher military presence of Russia in this region, warning that "waves of Islamic extremism" from "destabilised Afghanistan" can cause a domino effect which may hit other Central Asian republics.

Proceeding to NATO's expansion plan, Primakov said Russia cannot ignore this issue in dealing with the CIS states.

"The non-movement of the military structure of the alliance eastwards is a common interest of all Commonwealth members, but this interest is not always and everywhere realised. Work is needed with political circles in the CIS countries, with parliamentarians and mass media for explaining the consequences of the alliance's enlargement, involving these countries in a more active support to our approach," Primakov said.

Russia: Chernomyrdin on Russia's Concerns in CIS

LD2907175696 Moscow Russian Television Network in Russian 1300 GMT 29 Jul 96

[Report over video by unidentified correspondent, including recorded comments by Russian Prime Minister Viktor Chernomyrdin; from the "Vesti" newscast]

[FBIS Translated Text] Russia cares about what is going on in CIS countries for many reasons. Too much unites the former republics of the USSR, above all in the economic sphere.

[Correspondent] The CIS members are vitally important for our homeland, Viktor Chernomyrdin stressed. Not to lose our former links and to develop new ones — that is the condition for the development of the economies of Russia and her partners.

[Chernomyrdin] We need normal civilized relations, which will benefit above all Russia and Russian citizens.

[Correspondent] Having given credit to the treaty of the two [Russia and Belarus integration treaty], which presupposes the highest degree of integration, the head of the government noted the special importance of the treaty of the four [Russia, Belarus, Kazakhstan, and Kyrgyzstan], and the clearly successful work of the Interstate Economic Committee.

At the same time, Chernomyrdin was in no mood to claim that it had been possible to achieve a great deal in the trade and economic sphere. In addition to the sore problem of nonpayments, there is another problem: partners' irresponsible attitude toward their undertakings. Take for instance our missions abroad. It is no secret that even the appearance of their residences often reminds one of prefabricated buildings.

[Chernomyrdin] This is not to our credit, and the government, I think, should be tougher and clearer about this. That is what is needed. I do not know whether this question was resolved in Ukraine. That is essentially just one example, but it also deserves a mention. It took

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nearly 18 months to resolve the problem of moving to a new building there.

[Correspondent] The protection of the rights of Russians abroad was given special attention. Support is needed here. Viktor Chernomyrdin stressed that our fellow-countrymen must not have the feeling that they were abandoned by their motherland. No one is to blame for the fact that much has gone awry nowadays. Rather, it is tragic that not everybody lives in his homeland.

Russia: Russia To Present 'Action Program' at Terrorism Conference

LD3007090096 Moscow ITAR-TASS in English 0810 GMT 30 Jul 96

[By Igor Shchyogolev]

[FBIS Transcribed Text] PARIS, July 30 (Itar-Tass) — Russia has prepared "a well-adjusted Action Programme" to be presented at the Paris International Conference on Fight against Terrorism, Nikolay Kovalev, Director of Russia's Federal Security Service (FSB), has told Itar-Tass here. Together with Foreign Minister Yevgeniy Primakov, the FSB chief will represent Russia at the Conference opening here on Tuesday.

Kovalev said that he had signed an agreement on cooperation in this respect between the FSB and French Service DST with French Interior Minister Jean-Louis Debre on Monday night.

The Russo-French accord envisages exchanges of information on terrorist organisations and concrete terrorists, and technical cooperation. Russia is interested in the use of French robots to defuse explosive devices. For its part, Russia offers its gas analysing equipment to France for spotting and identifying explosives.

Russia also considers it necessary to develop cooperation in this respect at international level, Kovalev said. To begin with, the G-8 countries participating in the Paris conference must agree on exchanges of information and arrangements for fieldwork.

Besides, the Russian delegation has brought with it a concrete proposal on scientific and technical cooperation. Acceptance of the proposal would signify the creation of "a system to identify explosives and explosive devices with referencing to individual countries". Such a system would facilitate the hunt for terrorists and the establishment of the origin of explosives. Russia has got a good deal of development studies of this kind but, unfortunately, lacks funds to promote them, the FSB chief pointed out.

The world's leading countries have come to realise that the underworld united much earlier than their law enforcement agencies, Kovalev said. He hopes that the Paris Conference will help strengthen the awareness that terrorism can be defeated only through joint efforts.

The Paris Conference is to be attended by Foreign and Security ministers from Russia, the United States, France, Britain, Germany, Italy, Canada, and Japan. The Conference is to end with the adoption of a Final Document spelling out specific recommendations for stepping up fight against terrorism.

Russia: Primakov, Germany's Kinkel Discuss Yugoslavia, Chechnya

LD3007055796 Moscow ITAR-TASS World Service in Russian 0051 GMT 30 Jul 96

[By ITAR-TASS correspondent Igor Shchegolev]

[FBIS Translated Text] Paris, 30 Jul — Russia thinks that blowing up the non-existent problem of the former leaders of the Bosnian Serbs, Radovan Karadzic and Ratko Mladic, can only complicate the situation in Bosnia-Herzegovina. Russian Minister of Foreign Affairs Yevgeniy Primakov stated this after a meeting with his German counterpart, Klaus Kinkel, in Paris late on 29 July. Commenting on the results of the talks at the request of the ITAR- TASS correspondent, the minister reported that the situation in Chechnya, the problems of European security and bilateral cooperation were also discussed.

Ye. Primakov referred to the problem of Karadic and Mladic as one that was "already non-existent," since they had both "almost withdrawn from state and political activity." All additional appeals with regard to them can only complicate the holding of the forthcoming elections in Bosnia which have now become the main task, the Russian minister pointed out. He said Moscow and Bonn had agreed that everything had to be done to ensure the elections are held on time.

At the request of his German counterpart, Ye. Primakov informed him about the situation in Chechnya. The head of the Russian Federation Ministry of Foreign Affairs confirmed the resolution of the Russian leadership to proceed towards a peaceful settlement of the Chechen conflict even in conditions when the question arises of whether "individuals representing the Chechen side, all the field commanders, at the peace talks, are in control." At the same time, he said the federal authorities reserved the right to respond to the sorties of the extremists.

K. Kinkel stressed during the meeting that, after the presidential elections were held in Russia, it had become clear that the Russian Federation is advancing along the path of democratic reforms and this process is irreversible. In this connection, the ministers agreed to

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hold consultations before the meeting of leaders of the OSCE member-countries in Lisbon, which is scheduled to take place in September and at which a future model of European Security will be discussed.

Ye. Primakov and K. Kinkel arrived in Paris to take part in the international conference on the fight against terrorism, which is taking place today. Representatives of the United States, France, Great Britain, Italy, Canada, and Japan are also taking part.

Russia: State Duma Delegation Meet Venezuelan President

LD3007082296 Moscow ITAR-TASS in English 0733 GMT 30 Jul 96

[By Andrey Golubov and Pavel Kuznetsov]

[FBIS Transcribed Text] CARACAS, July 30 (Itar-Tass) — A meeting between Russian parliamentarians and President Rafael Antonio Caldera Rodriguez here on Monday has shown that Russia and Venezuela have good political will that is necessary for the two countries to continue to draw closer together, Russia's State Duma Speaker Gennadiy Seleznev told journalists. The State Duma delegation, led by the House Speaker, is currently in Venezuela on an official visit.

After the meeting, Seleznev told journalists that he confirmed President Boris Yeltsin's invitation to Rafael Caldera to visit Russia.

In response to numerous questions asked by journalists, Seleznev emphasised that State Duma members had arrived in Venezuela as parliamentarians, not as representatives of Russia's business community. In view of this, no specific bilateral economic agreements were discussed during the meeting with Rafael Caldera.

Nevertheless, Seleznev pointed out, the President of Venezuela said during the meeting that he had instructed the Minister of Power "to work in direct contact with" his Russian counterpart.

Besides, Seleznev said, Russia and Venezuela conduct negotiations at the level of governmental working groups dealing with expansion of bilateral cooperation in prospecting for, production of and trade in economic minerals. The House Speaker believes that this sphere of relations between the two countries has good prospects.

"There are no serious divergences of opinion between Russia and Venezuela over any principled matters, just as there are no topics on which we could not find a common language," Seleznev said.

Russia: Seleznev Wants Russia To Invest in Venezuelan Oil

LD2907185296 Moscow INTERFAX in English 1834 GMT 29 Jul 96

[FBIS Transcribed Text] CARACAS (VENEZUELA), July 29 (Interfax) — Russia and Venezuela can sign an agreement allowing Russian private capital into the oil industry of the Latin American country on a profit-sharing basis, State Duma Chairman Gennadiy Seleznev told journalists in Caracas Monday [29 July] after a meeting with Chairman of the National Congress' Chamber of Deputies Ramon Guillermo Aveledo.

The Duma delegation is touring various countries in the Western Hemisphere and has already visited Nicaragua and Cuba.

Such an agreement would grant foreign companies the right to prospect for new oil fields in Venezuela and, if such are found, share the profit of their subsequent development with the state (80% to Venezuela, 20% to the oil company).

As Venezuela is opening its oil industry for foreign investors, the latter will undoubtedly include representatives of Russia, said Seleznyov.

Russian and Venezuelan government agencies are holding active dialogue on possible oil agreements, however it is too early to speak about the time of their signing, he said.

According to Seleznev, Russian companies are interested in joint projects. He stressed that Duma deputies do not represent oil companies and the parliament's task is to help resolve these issues in the legislative area.

Russia: U.S. Threat to Slav Reintegration Seen

MM2907104296 Moscow SOVETSKAYA ROSSIYA in Russian 27 Jul 96 pp 1, 3

[Article by Zhanna Kuzyanenko: "Viktor Ilyukhin Warns: Belarusian August"]

[FBIS Translated Text] The press conference given by Viktor Ilyukhin, chairman of the State Duma Security Committee, devoted to questions that were both global and sensational, could not have passed unnoticed. How could it, when the subject was neither more nor less than the preservation of the Slav world, the unification of Russia with Belarus and Ukraine (the "painstaking" ["yuvelirnom"] unification, to use Ilyukhin's own expression), and for the first time in public the idea was put forward of a possible — desirable and strategically correct — unification in a confederative Slav state with Serbia. Well, judge for yourselves: How could the "public" and "independent" television, run by people like

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Gusinskiy, Chubays, and Berezovskiy, remain indifferent to something like that? As is usually the case with them, almost nothing was said about the substance of the problem raised at the press conference, but everyone exercised themselves on related topics to the extent of their abilities. There were energetic attempts to change tack on the principle of mixing apples and oranges. For some reason, they dragged PRAVDA's chief editor into the problems of the Slav world, advising Ilyukhin to tackle that newspaper's problems. The newspaper KOMMERSANT, also following the trend, demanded that Ilyukhin name the sources and documents he used in preparing for the press conference, because otherwise, it said, all this must be the fruit of imagination run riot. The usual mischief-making that we are all familiar with, but for some reason rather strained and nervous. In short, they were trying to make out that there is no problem.

We already know what the official media's propaganda tricks are worth, and therefore we invite readers to judge for themselves whether or not there is a problem regarding the preservation of the Slav countries. Here is what Viktor Ilyukhin said at the press conference — and he said it in the hope that the journalists would convey it all to people.

The world has recently witnessed powerful upheavals in the Slav states and Slav civilization in general. A "recarving of the world" became possible after the destruction of the Soviet Union and the economic and military decline of Russia, plus the sometimes treacherous foreign policy activity of "Kozyrev's" Foreign Ministry. In the context of the weakening of the role and significance of the United Nations and other international organizations in maintaining stability and the balance of interests among the peoples of the planet, the United States is increasingly laying claim to the role of global leader and arbiter. That role is envisaged quite specifically in a U.S. presidential document entitled "U.S. National Security Strategy." The concept of the States' global leadership can be perceived in the fact that "the dividing line is being erased between the foreign and domestic policy" of America. Any acute problems in the world, be it Yugoslavia, Iraq, Panama or the Near East, Ukraine, or Russia, are regarded by Washington as its own internal problems. Any point on the planet may be declared a zone of U.S. national interests. In the name of defending their interests they use every means, including, if necessary, the "unilateral and resolute use of military force."

The situation taking shape in connection with Belarus also cannot fail to attract attention. Someone badly wants to hamper the processes of rapprochement between Belarus and Russia. To discredit and then bring down Belarusian President A. Lukashenka.

V. Ilyukhin asked journalists to make available to the broad public a very alarming report.

It has become known that a group of high-ranking CIA officers consisting of 18 people headed by Colonel Paul Heyborth has been in Warsaw since 10 June 1996 to prepare for special subversive operations in Belarus. The essence of the operations is as follows.

The creation of strike centers like Poland's "Solidarity" in the cities of Minsk, Orsha, Vitebsk, and Mogilev. These strike committees are to provoke a primary wave of political and economic strikes in all the major cities of Belarus 1-9 August. The "Belarusian People's Front" is to organize demonstrations in Minsk at the same time, with marches involving 10,000-30,000 people. At least 200 militants from the Ukrainian UNA-UNSO [Ukrainian National Assembly-Ukrainian People's Self-Defense] will take part in the demonstrations in order to organize street resistance. In the course of street resistance actions it is planned to murder one or two leaders of the Belarusian national movement, who are assigned the role of martyrs, and President Lukashenka will be declared to be the organizer of all this (this scenario is familiar to us from August 1991 — Editor).

To cover the street demonstrations, 14 European and American mass media will be brought in, including Russia's NTV, "Vesti," and "Zerkalo." The sum of $254,000 is allocated for this action.

The final part of the operation is to be the raising of the question of Lukashenka's impeachment in the Belarusian Supreme Soviet. It is well known that preliminary discussions have been conducted on this question with approximately 50 deputies.

According to the scenario, the culmination of the events is to take place 15-18 September.

Ilyukhin stressed that the planned actions are directed not only against Belarus, but against Russia too. The point is that in the light of the current foreign policy events, the government's draft law "On Output-Sharing Agreements," submitted to the Duma by Chernomyrdin, is causing profound concern. It could do serious damage to Russia's economic interests and national security.

Under the draft, 213 of the country's mineral deposits are handed over, in effect, lock stock and barrel and for the long term, as concessions to foreign firms, first and foremost U.S. firms. They include major active oil and gas plots, 23 plots with solid mineral resources, and 15 with precious metals. These deposits account for the following proportions of Russia's total industrial raw materials reserves: oil — 38 percent; gold — 18 percent; silver — 60 percent; copper — 50 percent; gas — around 7 percent.

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These misgivings are greatly intensified in the light of the U.S. national security strategy according to which the Americans deem it possible to use their Armed Forces in any part of the globe where they have interests.

Russia is constantly being urged to discuss the question of giving American experts access to our nuclear power stations and other nuclear facilities, in effect to monitor their work. Both in the country and outside — and the planned action in Belarus is one such instance — a kind of economic and political "autonomization" of the regions is being promoted. In the event of its implementation this constitutes a real threat to Russia's sovereignty and integrity.

In the situation that has arisen integration processes among Slav peoples and states have become vitally important. Alyaksandr Lukashenka is one leader who understands that. The provocations directed at him are therefore of paramount significance not only for Belarus, but for Russia too. Ilyukhin emphasized this yet again.

However, as we have seen, people would not listen to him.

Russia: Russian-U.S. Moves To Improve Russian Investment Climate

LD2907200296 Moscow ITAR-TASS World Service in Russian 1538 GMT 29 Jul 96

[By ITAR-TASS correspondent Vitaliy Makarchev]

[FBIS Translated Text] London, 29 Jul — The Russian-American roundtable on the development of Russian oil and gas industries concluded its work in London today by signing a joint memorandum calling for U.S. and Russian Governments and parliaments to do everything in their power to remove current restrictions on, and obstacles to investments in Russian economy.

Members of the Russian State Duma and U.S. Congress, of Russian and U.S. Governments, representatives of some international investment banks, and of the largest oil companies of the two countries took part in the round table.

"After the adoption of the law on production sharing, investment in Russian fuel and power engineering infrastructure has begun with high speed. At present, projects with the overall investment fund of $27 billion are being realized," Yuriy Shafranik, Russian fuel and power engineering minister, said after signing the memorandum. Foreign investment in Russian economy may reach an annual level of $10 billion, Shafranik added.

Investments in the Russian fuel and power engineering infrastructure should be guided by the interests of Russia, Aleksandr Shokhin, first deputy chairman of the Russian State Duma, emphasized. Capital investments in the development of oil and gas extraction should be accompanied by placing orders for the required machinery with Russian engineering plants, Shokhin pointed out. "It is only with such an approach that any significant economic revival can get off the ground," he added.

The present roundtable has facilitated a better mutual understanding between the two countries' legislators and has enabled them to plan a series of joint actions to improve the Russian investment climate. It is expected that such meetings will turn into regular events.

Russia: Security Service Refuses To Comment on Spy Reports

LD25071028 Moscow INTERFAX in English 0940 GMT 25 Jul 96

[FBIS Transcribed Text] MOSCOW, July 25 (Interfax) — Russia's Federal Security Service (FSB) will not comment on mass media reports stating that the employee of Russia's Foreign Ministry arrested this spring on charges of spying for Great Britain is one Platon Obukhov, acting Head of the FSB Public Relations Center Aleksandr Zdanovich told INTERFAX Thursday [25 July].

"We do not confirm and do not refute the information which has appeared in the mass media on this case," he said.

"The investigation of a Russian citizen for espionage is being continued," Zdanovich said. "More detailed information may be presented only after the investigation advances and law enforcement bodies deem it possible to present information," he said.

The Russian Foreign Ministry refused to present any official information. "Now we are solving the issue of how to react to the leak of information and whether to react or not," a top-ranking official from the ministry told INTERFAX.

The case is considered closed, was the short answer of a representative of the British Embassy in Moscow in response to INTERFAX request to comment on "Platon Obukhov's case" made public by the mass media.

Meanwhile, other sources in the Foreign Ministry and FSB confirmed information that the name of the Russian citizen accused of espionage is in fact Platon Obukhov.

He is a career diplomat. He worked in the Russian Foreign Ministry before his detention and had good prospects for the future, according to his colleagues.

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Obukhov is from a family of a Foreign Ministry employee. His father, Aleksey Obukhov, is a prominent expert on America who occupied the post of USSR Deputy Foreign Minister between 1990 and 1992.

Obukhov was Russian ambassador in Denmark until this May, when the espionage scandal broke out. Formally he is still ambassador to this day, because even if a signed presidential decree on his dismissal exists, it has not been made public. The instruction on Obukhov senior's return to Moscow was also not made public, although it has been fulfilled, a diplomat told INTERFAX in Moscow.

"A father cannot answer for his son and we feel sorry for Obukhov, purely humanly, because he was an honored diplomat with great merits in the service of the Fatherland," a source in the Russian special services told INTERFAX.

Obukhov was twice awarded the Order of Labor Red Banner, in 1986 and 1988. He received the second order due to the conclusion of an agreement on medium- and small-range missiles with the United States. While ambassador at large of the USSR Foreign Ministry in 1986-1989, Obukhov headed a Soviet delegation in the negotiations with the United States to create centers on reducing the nuclear threat and then at the negotiations on nuclear and space arms.

Sources in the Russian special services said Obukhov junior was arrested when he made contact "with the center" and completely recognized his guilt after the detention.

As a result, Moscow decided to declare four employees of the British Embassy persona non grata who, according to Russian special services, were maintaining contacts with the arrested Obukhov. In response, Great Britain expelled four Russian diplomats from London on the basis of "the principles of parity."

Initially it was supposed that nine employees of the British Embassy for whom Russian special services had "corresponding dossiers" would leave Moscow. However, the parties reached a compromise as a result of several days contacts.

British officials repeatedly reassured the public that "this event would not affect Russian-British relations in any form."

Russian Foreign Minister Yevgeniy Primakov demonstrated almost the same reaction. Russia would not like this incident to affect relations with Great Britain at state level, he told Interfax.

Platon Obukhov worked in the Foreign Ministry North America Department before his detention at a rank no lower than second secretary, sources in the Russian Foreign Ministry told INTERFAX.

Obukhov is 28 years old. He entered the State Moscow Institute for International Relations after school. He started to work in the USSR Consulate in Spitzbergen (Norway) in the fifth year of his studies.

Having worked there for some time, he returned to Moscow and tried to receive a diploma. But he failed and returned to Spitsbergen. "The issue of the diploma and the final exams was solved somehow," said one of the sources who knew Obukhov during his student years.

Obukhov was transferred from the USSR Consulate in Spitsbergen to the Russian Embassy in Oslo.

According to one of Obukhov's student friends, he "was an excellent student and has always been prominent."

"Platon is a clever and undoubtedly literate but rather individual man," the sources said. "Once upon a time he stood up at a Communist Party meeting in the institute and said he did not want to be a diplomat and wanted to be a journalist on international affairs."

However, this was a period, the source said, when the struggle against the powers-that-be was in full sway against the backgorund of a wave of changes in the nation, and there existed an unofficial instruction not to take sons of top-ranking diplomats into the Foreign Ministry. Obukhov's father headed the USSR delegation on negotiations on disarmament with the United States at that time.

Obukhov really went in for journalism and even had his articles printed in Western editions. Later, he started cooperating with the Sovetsky Sport newspaper publishing articles on billiards.

The fact that Obukhov was sent to work on Spitsbergen, not a "prestige" posting by the standards of the Foreign Ministry, can be probably explained by the struggle against the dynasties within the Foreign Ministry.

People who knew Obukhov told INTERFAX that they were greatly surprised by the information that Obukhov was working for a foreign intelligence service.

"It's difficult to imagine that Platon could take such a step. In any case there was no impression that he was a man capable of betrayal," said one of them.

However, Obukhov once complained to his close friends that "he was under pressure from a financial problem," the source said.

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Russia: Business Russia Report on Su-27 Sales to China

LD2907165096 Moscow Russian Television Network in Russian 1020 GMT 25 Jul 96

[FBIS Translated Text] Export of weapons has always been an important hard currency source for our country. We used to sell both military hardware and production technology. The recent major agreement with China on the sale of a licence for the production of the Su-27 fighters has all the same generated many rumors and claims. [Video shows Su-27 during an air show and in flight, the interior of the plant]

[Correspondent A.Gavrilov] It seems as if only the lazy have not been kicking the defense industry in the recent years. Here is another example. Quite a respected publication [correspondent holds up copy of KOMMERSANT DAILY] has recently pronounced that the sale of the licence for the production of the Su-27 counter-air fighters to China is no less than scandalous stupidity and almost a betrayal of Russia's national interests. How true is this? Military cooperation between our country and China has long traditions. It became wide-ranged in the 1950s-1960s when Russia built turn-key aviation projects in China for the production of fighters. Therefore, it was natural that we resumed cooperation with this country after the thaw in relations following the era of confrontation. But if before we were guided in our relations by political reasons, economic ones are becoming more important now. The Su-27 multifunctional fighter, which was created in the mid 1970s, has become the prototype of many variants. It is the pride of the Russia aviation.

[Begin Mikhail Simonov, general designer of the Sukhoy design bureau, recording] We need money to develop new variants of the plane. The best way is for us to earn our own money for these modifications, ensure the production of the next generations of the plane, and ensure that the state gets new hard currency earnings. [end recording]

[Gavrilov] According to the well-known Chinese proverb, "It is difficult to find a black cat in a dark room, especially when it is not there." It is even more difficult to accuse Simonov of betraying Russia's state interests, simply because he is earning money for the bureau and for the country to develop new variants, especially as such decisions are not taken by the head of the enterprise only. The state has 50 percent of shares in it.

[Begin Simonov recording] If the state thinks it is necessary to sell technology, we sell technology. If the state thinks it is necessary to sell planes, we sell planes. Thus, we are strictly implementing the state policy. [end recording]

[Gavrilov] This applies only to such important decisions as the one on China which is being examined. As for the rest, the stereotype of the dyed-in-the-wool red director and of the loss-making enterprise, is obviously not working.

[Begin Simonov recording] We are working in a completely new economic system, which we describe as the market system. We are working in the system of the radical economic reform. We think it is wrong to talk about the collapse of everything and that in general there are only difficulties. Indeed this is a transitional and difficult period. In connection with this we wanted to create a special system, the joint stock Sukhoy-27 design bureau. Such a system has been created. We have set up the joint stock company, profitable and viable, allowing people to work and live. [end recording]

[Gavrilov]. It will indeed be interesting to find out from the author of the article in the KOMMERSANT DAILY the names of the anonymous experts from the military and industrial complex and the aviation industry quoted by him when he talked about the damage to the aviation plants which can be caused if China fills our niche on the fighter aircraft market.

[Begin Simonov recording] This, simply, is complete misinformation. However, misinformation plays a useful role in misleading the enemy at times. Therefore, we don't mind this article. However, not a single figure quoted in the article corresponds to reality. [end recording]

[Gavrilov] Naturally, most of the information on high-tech military products not only comes under the category of economic problems and but also constitutes state secret. Let us have some patience. Simonov's company likes to spring surprise. Andrey Gavrilov, Aleksandr Pavlov and Petr Kalashnikov, Business Russia

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Political Issues

Russia: Yeltsin Holds 'Regular' Meeting With Chernomyrdin

LD3007104496 Moscow Russian Television Network in Russian 1000 GMT 30 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] The regular Tuesday meeting of Boris Yeltsin with Prime Minister Chernomyrdin is underway today in Barvikha, in the Moscow countryside. Sergey Medvedev, press secretary of the head of state, thinks the main subject will be a detailed discussion of the draft of the structure of the future government, which Viktor Chernomyrdin is preparing on the president's instructions. Possibly, the president and the prime minister will also discuss the priciples of interaction between the future government and the presidential administration. [video shows stills of Yeltsin and Chernomyrdin against a background of the top floors of a country house, trees]

Russia: Yeltsin Retains Full Control of New Defense Council

MK3007091296 Moscow SEGODNYA in Russian 27 Jul 96 p 1

[Report by Pavel Felgengauer: "The Defense Council as a Consultative Agency. Boris Yeltsin Confidently Counterbalances Executive Structures"]

[FBIS Translated Text] As SEGODNYA reported earlier, Boris Yeltsin approved a statute on the Defense Council under the president and its composition. The creation of such an agency, discussed among the ranking officials for the past few months, was necessary in order to coordinate strategic aspects of force development in the numerous power departments. Similar proposals were prepared by assistants to then-National Security Adviser Yuriy Baturin, Government Chief Military Adviser Valeriy Mironov, Duma Defense Committee Chairman Lev Rokhlin, and Sergey Stepashin. It was clear to everybody that paramilitary departments (the Defense Ministry, the Internal Affairs Ministry, the Border Troops, and so forth) often fund parallel combat training and force development programs, senselessly spending scarce state resources and dispersing funds, while the Security Council under Oleg Lobov was not in a position to effectively coordinate the activity of such powerful departments.

The intention was to enable the new council, in contrast to the Security Council, to make decisions, when necessary, in the absence of its chairman/president. Moreover, in his draft law on the Military Council, General Rokhlin proposed to establish that "Council decisions in the sphere of state defense and security shall be binding on all ministries and departments that maintain the Russian Federation Armed Forces and other troops, armed formations or military agencies." Clearly, these powers also extended to decisions made in the president's absence. The main executive agency of the new council was to be the General Staff, about which your SEGODNYA correspondent was told back in late May by Yuriy Baturin's aide, Vladimir Klimenko, who has now been appointed Defense Council chief of staff. Lately it has been thought that the functions of the new council secretary will be performed by Aleksandr Lebed, who will preside in the president's absence. Thus the general would get the coveted "additional powers" in the sphere of defense and security.

Such a concentration of "power" functions in somebody else's hands could not but worry Boris Yeltsin. True, the president showed once again that he is a flexible fighter. He did not say "no." You want a Defense Council, you can get it. You want to sit without the president, you are welcome. But in the absence of the first person the session will be presided over by Viktor Chernomyrdin; Yuriy Baturin will be the secretary, and there will be no reorganization of the General Staff. As a highly placed Defense Ministry official told your SEGODNYA correspondent yesterday, "Everybody wants to control the General Staff, but the General Staff will remain the General Staff as it has always been."

The council will be a consultative agency that, according to Baturin, will "work for the president on questions related to force development and also ensure the implementation of major Security Council decisions on strategic aspects of defense policy." There are already lots of such councils with a similar composition. Six months ago, when the idea of yet another agency — the Foreign Policy Council — was discussed, Yeltsin said in an informal situation: "I already have so many such councils...." He laughed and approved everything by edict.

Russia: Yeltsin Edict Allows Share Issues To Pay Wage, Tax Debts

MM2907142196 Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 96 p 4

[Russian Federation presidential edict No. 1054, signed by President B. Yeltsin in Moscow on 20 June 1996: "On Measures To Eliminate Joint-Stock Companies' Wage and Tax Arrears"]

[FBIS Translated Text] With the view of ensuring conditions for the elimination of wage and tax arrears by joint-stock companies formed in the process of privatization, I decree that:

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1. Paragraph 9.10.2 of the State Program for the Privatization of State and Municipal Enterprises in the Russian Federation, ratified by Russian Federation presidential edict No. 2284 of 24 December 1993 as regards the passing by a company general meeting of a decision to change the size of a joint-stock company's incorporation capital shall be extended to joint-stock companies formed in the process of privatization, more than 25 percent of whose shares at the time of the general meeting are in state hands, provided that the provisions of this edict are observed.

2. It shall be prescribed that joint-stock companies formed in the process of privatization, more than 25 percent of whose shares at the time of the general meeting are in state hands, are entitled to decide to increase their incorporation capital and issue further shares in the event of:

there being no federally owned shares in these joint-stock companies;

the issue prospectus specifying that the funds raised from issuing the shares are used exclusively to cover the existing debts as of 1 July 1996 of the corresponding joint-stock company and (or) its subsidiaries in respect of wages and tax payments to budgets at all levels;

the shares being allocated by open subscription.

3. At company general meetings the state's representatives shall vote for shares to be issued with a view to covering the existing debts as of 1 July 1996 of the corresponding joint-stock company and (or) its subsidiaries in respect of wages and tax payments to budgets at all levels, in the event of this point being included on the agenda for the general meeting by a decision of the joint-stock company's board of directors.

4. The Federal Commission for the Securities Market shall:

ensure the registration of issue prospectuses produced by joint-stock companies in line with this edict no later than two weeks after the corresponding general meeting decision and other requisite documents are obtained;

ensure, when registering issue prospectuses, that the documents submitted comply with the federal law "On Joint-Stock Companies" and this edict.

5. This edict comes into force from the date it is published.

[Signed] B. Yeltsin, Russian Federation president
[Dated] Moscow, the Kremlin, 20 July 1996
No. 1054

Russia: Detailed Timetable for Yeltsin's Inauguration Given

MM2907183496 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 26 Jul 96 p 3

[Report by Mikhail Kushtapin: "The President's Inauguration at Midday 9 August on the Front Porch"]

[FBIS Translated Excerpt] [passage omitted] The scenario for the ceremony has been written out literally minute by minute. You read it, and it is as though you are already present at the ceremony. I will cite it, since it could not be written any better.

From 1100 hours singing and dancing on Cathedral Square by Russian folk artiste collectives. A podium has been erected here in front of the [cathedral] Front Porch, covered with red material and decorated with flowers. A carpet lies at the center of the podium. A microphone and lectern and a stand for a special edition of the text of the Russian Federation Constitution and the order "For Services to the Fatherland," First Class, are set up.

1135. An honor guard of the Presidential Regiment is drawn up on the steps of the Front Porch.

1140. Standard bearers carry the flag of the Russian Federation and the standard of the Russian Federation president from the Great Kremlin Palace.

1145. Constitutional Court judges place the Constitution and the Order on the stand on the podium. The chairmen of the chambers of the Russian Federation Federal Assembly and the chairman of the Central Electoral Commission mount the podium. The bells of Ivan the Great ring out. Patriarch Aleksiy II of Moscow and all Russia emerges from the Cathedral of the Dormition and is joined by the leaders of the other main religions.

1155. To presidential fanfares Boris Yeltsin appears from the Sacred Vestibule of the Great Kremlin Palace and descends the steps of the Front Porch to the podium.

1200. The chimes of Spasskaya Tower ring out.

1201. The anthem of the Russian Federation is played.

1203. Nikolay Ryabov greets Boris Nikolayevich, reads out the Central Electoral Commission's decree, and hands him the certificate on his election as president of the Russian Federation.

1205. Vladimir Tumanov turns to Yeltsin and proposes that he proceed to take the oath to the people of Russia in accordance with the Russian Federation Constitution.

1207. B.N. Yeltsin approaches the microphone, makes a brief address, and proclaims a solemn oath with his right hand on the constitution.

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1209. Yegor Stroyev hands the order "For Services to the Fatherland," First Class, to the Russian Federation president as the symbol of presidential power. The presidential orchestra, soloists of the Bolshoy Theater, the Minin Choir, and a children's choir perform the cantata "Our President." The standard is raised over the cupola of the president's Kremlin residence.

1216. His Holiness Aleksiy II sends Boris Nikolayevich on his way.

1219. M. Glinka's "Renown" is played. Bells ring out. An artillery salute is fired in the Taynitskiy Garden. A large number of multicolored white, blue, and red balloons is released into the air. Yeltsin descends from the podium, approaches his guests, and receives congratulations.

1230. Presidential fanfares are played. The initiators of the ceremony and the guests leave the square. [passage omitted]

Russia: Chernomyrdin, Chubays Discuss Formation of Government

LD2907141896 Moscow INTERFAX in English 1404 GMT 29 Jul 96

[FBIS Transcribed Text] MOSCOW, July 29 (Interfax) — Russian Prime Minister Viktor Chernomyrdin and presidential chief of staff Anatoliy Chubays held a working meeting to discuss the formation of the structure for the presidential headquarters and the government, Chernomyrdin's press secretary Viktor Konnov told Interfax.

The two men also discussed cooperation between the government and the presidential headquarters and new appointment, he said.

Sources in Chernomyrdin's entourage do not rule out the possibility that they also discussed possible candidates for the positions of the first deputy prime minister in charge of the economy and of the State Property Committee chairman.

Sources say they expect this conversation to continue when Russian President Boris Yeltsin meets Chernomyrdin Tuesday and Chubays some time later.

Chubays is expected to hold a news conference in Moscow one of these days on the structural changes of the Russian executive bodies.

Russia: Latest, Upcoming Government Appointments Viewed

MK3007103396 Moscow KOMMERSANT-DAILY in Russian 27 Jul 96 p 2

[Report by Viktor Melnikov: "Big Business Gets Ready To Change Office"]

[FBIS Translated Text] Today there is perhaps no more intriguing subject than the formation of the future government. As we have repeatedly noted earlier, the authorities will find it difficult to keep particular personnel decisions secret for very long. This point was once again confirmed Thursday [25 July], when NEZAVISIMAYA GAZETA reported that Unexim bank President Vladimir Potanin was going to join the government.

Predictably, first leaks occurred in the liberal press. As in the case of a premature publication in OBSHCHAYA GAZETA of a report about the upcoming "appeal by 13," the liberals leaked information that the government did not want to divulge for the time being. It should be said in this context that there is no particular need to conceal the possible advent in the government of yet another big business representative. Potanin, if he is destined to become (first) deputy premier, will not be the first representative of big business in the government: The first was Chernomyrdin. Neither will he be the first representative of the younger generation in the corridors of power: Several months ago Sergey Dubinin, former vice president of the Imperial bank, became head of the Central Bank. In both cases the Russian economy only gained.

In spite of that a number of well-known politicians described the decision to give a government office to a business leader as unexpected, it was not really unexpected. Two weeks ago Mikhail Khodorovskiy, president of the Rosprom group, received an official invitation to join the government. After some vacillation he refused, believing, not without reason, that the scope of his group's activity confronts him with challenges on the same scale as those of a deputy premier. After that Potanin's candidacy simply suggested itself because it is difficult to find in the Russian economy another stable economic structure where both financial and industrial capital would be represented in a relatively equal measure. The [Russian] White House was rather blunt in explaining the Unexim bank leadership's concern over what it saw as an untimely publication on Potanin: "After this it becomes clear that Kadannikov will not be able to retain his seat. And he is yet to do something for Russian business." According to an informed source in the government, "as of 1500, Friday, 26 July, Potanin's candidacy can be considered approved: Livshits has

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been virtually rejected, while talk about Ilyushin's appointment to head the social block is nothing more than speculation: This was not even contemplated." According to a government staffer, "the appearance in the government of the president's economic adviser is only possible based on a direct, personal decision by Boris Yeltsin."

Meanwhile intensive apparat maneuvers are under way around the figure of government chief of staff Vladimir Babichev, whose stock, after he was buried by the press, has lately unexpectedly grown, as have those of Railroads Minister Gennadiy Fadeyev and First Deputy Economy Minister Yakov Urinson, who, it is rumored, might be appointed full-fledged minister. It follows from this that the stock of Deputy Premier Aleksey Bolshakov, his long-standing apparat foe, has fallen. The position of Fuel and Energy Minister Yuriy Shafranik is amazingly stable: According to a White House officer, "only the premier's is stronger."

Russia: Tyumen Television Reports Information on Moscow Bomb

LD2907180296 Moscow Radio Rossii Network in Russian 1700 GMT 29 Jul 96

[FBIS Translated Text] In Tyumen new information has appeared on the explosions in Moscow. A man whose surname is not disclosed came to the Tyumen Regional Television and Radio Company and said he had information on the explosions in Moscow.

He said he and a number of other Tyumen people had received a proposal to do a profitable job in Moscow with payment of $50,000 for each job. The contractor's surname is mentioned, (Soltan Yatskeyev), and middleman — (Aslan Khadzhiyev).

The report is now being carefully checked. This information was reported today on the evening news program of Tyumen TV.

Military Issues

Russia: Navy Commander in Chief Gromov Interviewed

MM2607143596 Moscow KRASNAYA ZVEZDA in Russian 26 Jul 96 p 2

[Interview with Admiral of the Fleet Feliks Gromov, commander in chief of the Russian Federation Navy, by Captain 2d Rank Vladimir Maryukha; place and date not given: "300 Years in the Fatherland's Service"]

[FBIS Translated Text] On the eve of the naval seamen's professional holiday, our correspondent met with Admiral of the Fleet Feliks Gromov, commander in chief of the Russian Federation Navy.

[Maryukha] Feliks Nikolayevich, allow me first of all to congratulate you on becoming Russia's first admiral of the fleet. In my view, this is not simply a troop leader's promotion to the next higher rank, but a recognition of the entire fleet's service to the fatherland....

[Gromov] There is no doubt that my promotion to this rank is a recognition of everything the fleet has done for Russia in general, and over the last four years in particular.

First of all, the fleet's combat ability has been preserved in complex economic conditions. At present the Navy has a combat composition enabling it to perform any tasks stemming from today's political situation in the world. The military-political aspect of mutual relations between countries has changed considerably, and therefore today we do not need the composition of forces which was typical of the age of global confrontation. Many of the tasks facing the fleet in the past will be resolved differently, primarily by political means. And today the fleet is needed as an element of the means of deterrence, primarily of the strategic nuclear forces. A graphic example of the maintenance of the fleet's combat readiness in this regard is offered by the virtually simultaneous launches of ballistic missiles from five submarines: from three in the Pacific and, a few days later, from two Northern Fleet submarines cruisers.

Another aspect is the status of the fleet's general forces. Here we are experiencing certain difficulties. But who is not experiencing them today? Nonetheless, even in the situation in which we find ourselves today, submarines continue their combat patrols and new equipment is being successfully assimilated. This applies primarily to the aircraft carrying cruiser Admiral Flota Sovetskogo Soyuza Kuznetsov and the aircraft based on it. The naval fliers have tackled the tasks assigned to them in a superlative manner. Two new ships — the missile cruiser Petr Velikiy and the large antisubmarine warfare ship Admiral Chabanenko are undergoing state trials. Yes, they took a long time to get built, exceeding the universally accepted standards by a factor of approximately 1.5. Nonetheless, we have managed to install new weapons systems on these ships. So, these are not the series-production ships that were being built before. In terms of armaments, these are fundamentally new combat units for the fleet, ships of a new generation.

Thus, to put it mildly, those who talk about the fleet's allegedly total collapse are not right. Last year's launch of a ballistic missile from a submarine in the polar region, for example, testifies to the exact opposite. Nobody else performs such launches at sea. Such a

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launch is the result of supreme training and supreme technical efficiency.

The fleet's entire 300-year long history is the history of service to the fatherland. It is continuing today. We are participating in all joint exercises, our submarines and ships are at sea. This year, during the winter training period, we conducted an excellent exercise with the Northern Fleet, involving the firing of air defense systems at nine cruise missiles. All nine missiles were shot down. A similar exercise in the Baltic Sea involved firing at seven missiles, and all seven were shot down. Nothing like that happened even in the most successful years — firing exercises involved five missiles at most. Thus we are not marking time, we are advancing albeit slowly, developing and improving the fleet.

[Maryukha] This year's Navy Day is essentially the last hurdle before the finishing line in the jubilee race which was announced a few years ago. But Russia — exhausted in another competition involving political and economic hurdles — has simply failed to sense any joyful pre-holiday excitement, it has not sensed its naval grandeur and its importance. Was there any point in reducing the age of Russians' seafaring skills for the sake of arriving at a "round" date, is the fleet to carry on surviving on its own, without any state and public support?

[Gromov] I would not say that the fleet's 300th anniversary is the finish. Nor do I intend to assert that preparations for the jubilee were some kind of a race. The fleet has celebrated its 100th and its 200th anniversaries. There have been events which prevented us giving the seamen the full credit due to them at the time. Now the fleet is 300 years old — a sufficiently unique occasion. All this time entire generations and family dynasties have dedicated their lives to serving the fatherland at sea. Russia's history can no longer be separated from the fleet's history. The fleet has always been present wherever Russia's future has been decided. Not a single war in the annals of our "landlocked" — as some people claim — state has been fought without the fleet's participation. Let alone the fact that all this time the fleet has been performing at sea the tasks of armed neutrality — tasks which are beyond the capability of all diplomatic tricks. Thus, this year's jubilee is a major landmark in the fleet's life. But the times in which we are living demand different approaches toward appraising the fleet and the tasks facing it.

Russia will always need a fleet because — if for no other reason — its sea borders stretch over a distance of 38,000 km. This involves the maritime aspects of mutual relations with other countries, the coastal economy, the exploration of shelves with the extraction of minerals, fisheries operations, shipping — all this, and much else besides must be protected. Even in peacetime we must realize that there is point in waiting for some "unpleasant experience" to hit us from the sea. In order to prevent this happening, our Northern, Pacific, Baltic, and Black Sea Fleets must have such groupings of forces which would make everyone understand that only normal diplomatic language, and nothing else, must be used when talking to us. Now we do have such groupings.

We are engaged in major work to renew the fleet's armaments and technical systems. But we realize that today the country is in such a state that it cannot allow itself or us — as it did before — to lay down, say, a series of about 20 ships. But each fleet must have a few new ships. To be followed by a new design, a new technical solution, and a further few ships on the stocks. This is how we must and can continue into the 21st century. And bearing in mind all the decisions that have been made by the West to switch its nuclear potential to sea, we believe that we must also adopt this perception of the problem and our deterrent forces must be concentrated seawards.

[Maryukha] Meanwhile, and throughout its 300-year long history, the fleet has only twice enjoyed Russia-wide attention to its problems — once at its conception, and the second time after the defeat at Tsushima. Do you not think, Feliks Nikolayevich, that right now is the time to tighten our belts and once again, as it was done in the past, focus all the state's efforts on the fleet's accelerated development? After all, the attention given to the fleet today is enough to meet only current needs, yet we must also think about the future....

[Gromov] The potential which we have today will still be there in 1997 and in 1998. There are, however, priorities to which we must indeed give greater attention. And especially, for example, the naval strategic forces and the new directions defined in the relevant edicts by President Boris Nikolayevich Yeltsin.

But I am not going to draw parallels between the times in which we live and the times when the country was relying mainly on its fleet. Thus Peter the Great needed access to the sea — whether the Black Sea or the Baltic Sea — at any price. Russia's entire future life was at stake at that time. Look also at the time of the Russian-Japanese war. Turn of the century, redistribution of spheres of influence — some countries were departing from the political arena, new ones were replacing them. There was a most acute need to defend our territories from claims in the East and in the West alike. This could not have been done without a fleet. And this is

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why the public helped to revive the fleet and the state made gigantic efforts.

Today's situation is different, it stems from the creation of a collective security system within the UN framework and of the OSCE [Organization for Security and Cooperation in Europe] — the system for ensuring security in Europe. It is evident that the question of any redistribution can no longer be raised — disputed questions can be resolved within the framework of civilized interstate relations which are continuing to develop. Therefore, there is no need for the state to over-exert itself for the purpose of building up military might. Yes, some conflict situation may arise. But this is why we have a fleet and groupings of ground forces in the most important directions, whose purpose it is to prove that they are capable of preventing and defusing any such conflicts. This is why it is not worth tightening our belts, now is actually the time to show concern for people, for those who are serving and for those whom we are protecting.

[Maryukha] In this case, let me voice another, equally seditious viewpoint. The economy does not allow us to compete with the Americans in developing the fleet, even though we are striving to follow their example in many regards. Would it be possible, for example, to sell at knock-down prices some of our ships, the way the Americans do with their obsolete equipment, and literally force them upon former members of the Warsaw Pact Organization. This would at least add something to the fleet's budget....

[Gromov] Everything that was superfluous to combat requirements has already been decommissioned from the Navy. If some new decisions are adopted regarding the numerical strength of the Armed Forces and the Navy's quota respectively, we will look to see what can be done and what will happen in the future. We will try to argue: You can cut back so far and no further. This is not a simple question. But its solution must be based primarily on an appraisal of the political situation around Russia. It is necessary to forecast how our relations with develop with countries bordering on Russia, as well as to appraise relations with other states in the West, the East, and the North. We should proceed from actual realities in this process. The United States, for example, has 13 aircraft carriers, we would like to have just as many but we cannot. But we do have other potential to counteract these aircraft carriers.

The essence of reform is not to cut back everything, the way some people assume. Its main point is to determine whether we have real friends, ordinary friends, or only rivals. If we have only rivals, where should our rivalry take place — on the shelf, along the sea border, or in the open sea. We must also realize that our potential must be no less than that of these countries or the blocs to which they belong. And, bearing in mind the inevitable reduction of the number of ships, it will be necessary to boost the might of the forces.

[Maryukha] Comrade Admiral of the Fleet, how do you envisage the Russian Fleet in the 21st century?

[Gromov] We are elaborating this question, with due consideration being given to what we already have, what has been covered by finished projects or is being built, and what will be planned. All this will make up the fleet's combat potential. But here we depend on the quality of the personnel and the personnel quota that will be set for the Navy. We will, without any doubt, uphold our positions in this regards, we will substantiate the need for a precisely defined number and no other number of ships — taking into account the situation prevailing at sea. But in this process we will not try to match the number of our strategic submarine missile carriers to the number held by Britain and France, which have four such submarines each — our requests will be greater. At the same time, as I have already said, we will not try to match the number of U.S. aircraft carriers and similar ships held by other countries — for the time being we will make do with the Kuznetsov alone, even though such ships will have to be built in the future, but maybe with a smaller displacement. Such a ship is already at the design stage in our country. On the whole, we have planned the fleet's development through the year 2000 and further into the future, and these plans are geared to the country's potential and its needs as regards ensuring security from the sea.

[Maryukha] Feliks Nikolayevich, we have been concentrating on the fleet's technical aspects, and yet the Navy's backbone is primarily provided by its men. Economic misfortunes have a much more painful impact on them than on their ships. Nonetheless, they are not abandoning their chosen profession.... Despite the fact that their rather meager money allowances are paid sporadically and the native shores offer them a cooler reception than foreign ports....

[Gromov] No matter what the native shore may be like, it still welcomes them like home. And even the fatherland's bitter air has always been sweet for seamen. You are, however, right in saying that the naval seamen's money allowances are totally inadequate when compared with the efforts they make. After all, ship service is a special kind of activity by men in uniform. Nowhere else would you encounter the constant stress and pressure people experience on board ships. This is why the fleet's men — wonderful people — are serving more for the sake of an idea than for the sake of some kind of remuneration.

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I would even put it like this: People serving in the fleet today are the ones who are aware of Russia's need to have a combat capable fleet, and they are performing their duties for this purpose. This is why, on the eve of our professional holiday and just before the Russian fleet's 300th anniversary, I would like to express my most profound gratitude to these people. And not only to the ones in uniform but also to their families which are in essence also serving — in the most distant corners of Russia, sharing the privations and the cold in polar and other garrisons with the fleet's seamen.

But the approaching holiday is also a holiday for those who design, built, and repair the fleet's ships. Hence my gratitude and greetings to the designers, engineers, and workers working with the fleet and on the fleet for Russia's sake. The new stage of the Russian fleet's service to the fatherland will begin primarily with them, with the seamen, the master shipbuilders, and their families. The Russian fleet's future will be as great as its great past.

Russia: Defense Minister Promulgates Navy Day Order

MM2907134296 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 96 p 1

[Russian Federation Defense Minister Order of the Day No. 277, dated 27 July 1996]

[FBIS Translated Text] Comrade naval seamen and veterans, shipbuilders and ship repairers, workers in the defense industry and science!

On 28 July 1996 the Russian Federation celebrates Navy Day. This year marks the 300th anniversary of the Russian Navy.

In its entire 300-year history the Russian Navy has served and continues to serve the people and the Fatherland, and it is in many respects thanks to the Navy that Russia became a great power. Many historic events have been illuminated by the valor and glory of the Navy. The Navy has always been a school of civic duty and patriotism. The heroic traditions of courage, steadfastness, combat skill, and fleet comradeship are passed down from one generation of sailors to the next. These traditions were augmented in the battles of the Great Patriotic War and are being developed during the daily activity of the Navy.

Naval infantry personnel set high examples of courage and heroism in carrying out their military duty.

Seamen on surface ships and submarines are successfully accomplishing combat service and combat alert tasks at sea.

Russia's naval airmen have performed tasks in the Atlantic and the Mediterranean Sea in 1995-1996 with distinction, once again demonstrating their ability to ensure national interests in distant parts of the world ocean.

Workers of the ship repair complex, rear services specialists, and naval construction personnel are doing all they can to ensure qualitative solutions to combat training tasks and maintaining the combat readiness of the naval forces.

Military scientists and collectives of higher naval training institutes are making a substantial contribution to the elaboration of the concept of the Navy's development and the training of cadres for new generations of ships.

In the complex conditions of military reform seamen are continuing to constantly improve their naval training and professional skill, and are vigilantly performing their combat watch. Through the selfless labor of Navy personnel and workers in the defense sectors of industry the Navy's combat readiness is constantly being maintained at a high level.

On their holiday I greet and congratulate officers, warrant officers, petty officers, sergeants, seamen, soldiers, and veterans of the Navy, and shipbuilders and workers in the shipbuilding and defense industries and science. I wish you good health, happiness, and success in service and labor for the good of the Fatherland.

To mark Navy Day I order:

On 28 July 1996 at 2200 local time hold festive fireworks displays in the capital of our Motherland, the hero-city of Moscow, the hero-city of St. Petersburg, and the cities of Astrakhan, Vladivostok, Kaliningrad, Novorossiysk, Severomorsk, and Sevastopol.

The commander in chief of the Navy will organize the holding of the Main Naval Parade in the city of St. Petersburg, and naval parades and water sports festivals in the fleets, flotillas, the Caspian Flotilla, and the Novorossiysk maritime area.

I feel sure that the sailors will carry on their heroic traditions in a worthy manner and perform the sacred duty of protecting our Fatherland with distinction.

[Signed] Colonel General I. Rodionov, Russian Federation minister of defense

[Dated] 27 July 1996, Moscow
No. 277

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Russia: Leaders Pleased With 'Topol-M' ICBM Test Launch

MM2907152996 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 96 p 1

[Report by Russian Federation Ministry of Defense Information Directorate under the "News" rubric: "'Topol-M' Confirms Its Reliability"]

[FBIS Translated Text] As KRASNAYA ZVEZDA has already reported, an ICBM was launched at the Plesetsk Test Range at 1345 hours 25 June within the framework of the state testing of the modernized "Topol-M" missile system by a Strategic Missile Forces combat crew.

Commenting on this event, Army General Igor Sergeyev, commander in chief of the Strategic Missile Forces, emphasized that this "Topol-M" launch has once again confirmed the promising nature of this selected sphere in the improvement of Russia's nuclear missile shield.

Work to create the modernized "Topol-M" missile system has been going on since 1993 in accordance with the Russian Federation president's edict. Last year the phase of flight and design testing was completed successfully, and joint flight tests have started now.

The completion of the formation of a Russian cooperation system between enterprises which will produce this type of missile system after it is added to the arsenal is one very important result of the work done in this sphere, in the opinion of Army Gen. Igor Sergeyev, commander in chief of the Strategic Missile Forces. This cooperation has been ratified by a special Russian Federation government decree. The necessary material basis for the series production of missiles which will form the nucleus of the Strategic Missile Forces in the foreseeable future has thus been created.

As Andrey Kokoshin, Russian Federation first deputy defense minister, noted, the latest launch of the "Topol-M," which is the third launch, has shown that despite the acute problems with funding for the needs of defense, this program, one of the top priority programs of the Russian Armed Forces, is being successfully implemented. And it can be determined today that Russia will remain a great nuclear power in the 21st century, ensuring its own national security and strategic stability in the world by means of its own very powerful weapons.

Federal Assembly

Russia: Duma Chief of Staff Bemoans Cash Crunch

MK2507051396 Moscow SEGODNYA in Russian 24 Jul 96 p 1

[Report by Gleb Cherkasov: "State Duma Faces Cash Crunch"]

[FBIS Translated Text] Nikolay Troshkin, the State Duma's chief of staff, told journalists yesterday that the lower chamber of the Federal Assembly of the Russian Federation is going through a serious cash crunch. According to Mr. Troshkin, the Duma requested 720 billion rubles for 1996, while only 340 billion were earmarked. Nikolay Troshkin pointed out that as a direct consequence of the insufficient funding a number of deputies have encountered housing problems because many of the newly elected parliamentarians still live in hotels. Yet another problem is that a number of assistants to the deputies on the ground are not paid their salaries, although Mr. Troshkin said that this problem is already being resolved. The Duma chief of staff flatly rejected allegations by former State Duma Speaker Ivan Rybkin that a portion of the funds earmarked for the operation of the lower chamber of parliament had been spent on the electoral campaign of a presidential candidate. "Ivan Petrovich [Rybkin] should have known that this is simply impossible," Nikolay Troshkin said.

Russia: Duma Official Queries Government Tax Policy

MK2607103596 Moscow SEGODNYA in Russian 25 Jul 96 p 2

[Report by Svetlana Lolayeva: "The Head of the Duma Budget Subcommittee Finds That the 'Budget Is Chronically Ill.' The Affliction Should Be Treated With Tax Reform"]

[FBIS Translated Text] In spite of that the results of budget execution in the first half of the year point to a sharp decline in revenues in relation to GDP, there is no reason to expect a particular worsening of the budget situation, the State Duma's Budget Subcommittee Chairperson Oksana Dmitriyeva believes. In her opinion, the budget crisis is nothing new and the execution of the budget revenue plan by 70 percent was also recorded in 1994. The revenue situation last year was a little better, but this was achieved, to a large extent, at the expense of additional revenues resulting from a higher-than-assumed inflation. Furthermore, Dmitriyeva noted, if treasury tax exemptions are factored into the 1996 revenues (as is practiced by the State Tax Service), then the fall in tax revenue with respect to GDP is not so substantial.

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Underfunding of expenditures (according to the Chamber of Accounts in the first six months the budget expenditure plan was executed by 88.1 percent) was observed on all articles with the exception of wages. True, in spite of the negative fallout from such an approach, wage expenditures are "the most effective investments," Dmitriyeva admitted, because their targeted use is controlled much better than subsidies for the agro-industrial complex, shipments to northern territories, and so forth.

A key to resolving the chronic budgetary problems, according to the head of the budget subcommittee, lies primarily with tax reform. The government, Dmitriyeva noted, still acts inconsistently, stepping on the gas and on the brake at the same time. A tax amnesty, planned by the cabinet, could produce a one-time, leap-like effect, which, however, according to Oksana Dmitriyeva, will be weaker than in 1993. Meanwhile, combined with the earlier decisions on restructuring the enterprises' debts to the budget, freezing penalties and fines on overdue payments, and the joint-stock companies' ability to issue additional bonds to pay tax debts, the amnesty could lead to a reverse result: The enterprises will be strongly encouraged not to pay taxes in expectation of yet another relief.

Neither does Dmitriyeva approve of the government's intention to put the enterprises on a single operating account. With an unstable banking system the existence of one operating account could result in sad consequences. The cabinet's wish to introduce VAT payment based on invoices (i.e., the tax is paid not on the sale of goods but on their shipment) does not, in the opinion of the subcommittee chief, conform with the VAT breaks granted to some branches. Tax collection could be improved by an across-the-board audit of major defaulters (which the Finance Ministry and the State Tax Committee planned to launch back in May). However, considering that this is as much a political as an economic problem, and also that there is a shortage of "qualified and conscientious officers," Oksana Dmitriyeva was skeptical of the government's ability to carry through this plan.

According to her, instead of rushing the Duma to adopt a new tax code, which in effect mothballs the current tax system, it would be advisable to take a few consistent and decisive steps: to sharply alleviate the tax pressure; to abolish tax exemptions, and to unify sanctions for failure to pay taxes. Dmitriyeva cited the experience of Peru, where such measures ensured, within a brief period of time, an increase in revenue from 5 percent of GDP to 14 percent and a more than three-fold growth in the number of registered taxpayers.

Russia: Duma Approves Laws, Sends Them to Federation Council

MM3007101496 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 6

[Unattributed report under the "In the State Duma" rubric: "Laws Approved" — from the "Documents" section]

[FBIS Translated Text] The State Duma has adopted and sent on to the Federation Council the laws: "On the Inauguration of the Newly Elected President of the Russian Federation," "On Introducing Amendments to Article 12 of the RSFSR [Russian Soviet Federated Socialist Republic] Law 'On State Pensions in the RSFSR,'" ""On the Russian Federation Social Security Fund Budget for 1996," "On the List of Federal Targeted Programs and the Departmental Structure of 1996 Federal Budget Expenditures," "On Science and the State's Science and Technology Policy," "On Introducing Amendments and Additions to the Russian Federation Law", "On the Use of Cash Registers When Performing Cash Transactions With the Population," "On the Procedure for Exit From and Entry Into the Russian Federation," and "On Introducing Amendments and Additions to Point 2 of Article 855 of the Russian Federation Civil Code."

Due to the State Duma's disagreement with the Federation Council decree, the federal law "On Safe Handling of Pesticides and Agricultural Chemicals," has been sent to the Russian Federation president for signature and publication.

Regional Affairs

Russia: Body of Maskhadov's Would-Be Assassin Reportedly Found

LD2907151596 Moscow Interfax in English 1457 GMT 29 Jul 96

[FBIS Transcribed Text] SOUTH CHECHNYA, July 29 (Interfax) — The dead body of a person believed to have participated in the assassination attempt on the life of Chechen rebel forces commander Aslan Maskhadov has been discovered in the Nozhay-Yurt district in southeastern Chechnya.

A rifle and two Kalashnikov automatic weapons were discovered near the dead body dressed in camouflage, the Chechen rebel forces staff told Interfax.

No documents identifying the person were found on the body.

The assassination attempt on Maskhadov's life was launched on the outskirts of a village in the Nozhay-Yurt district at around 4:00 p.m. Moscow time Monday.

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Unknown persons fired upon the car carrying Maskhadov from machine guns, automatic weapons and sniper rifles.

According to Maskhadov's bodyguards, the assailants numbered between five and seven.

Maskhadov escaped injury due to "well-organized actions by the bodyguards," a representative of the Chechen rebel forces staff told Interfax, adding that one of Maskhadov's bodyguards was wounded and the car was put out of order.

Persons accompanying Maskhadov fired back and forced the assailants to retreat to the woods. The assailants were pursued but managed to escape. According to the separatists, the assailants seem to know the terrain very well.

The wounded bodyguard was rushed to hospital. Maskhadov himself is in a safe place, the same source said.

Russia: Chechen Separatists Say Attack on Maskhadov Was Planned

LD2907162896 Moscow INTERFAX in English 1620 GMT 29 Jul 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, July 29 (Interfax) — The abortive attack on Aslan Maskhadov, Chechen separatist military chief, was a carefully planned action rather than an accident, a senior official in the Chechen separatist military headquarters told Interfax Monday.

As Maskhadov was traveling in the Nozhay-Yurt district in the southeast of Chechnya at 4:00 a.m. Moscow time Monday, five to seven unknown men fired machine-guns, assault rifles and sharpshooter's rifles on his car. One of Maskhadov's bodyguards was gravely wounded in the exchange of fire, the car disabled, but Maskhadov himself was not hurt.

Maskhadov's body guards forced the attackers to retreat into the forest. The attackers, who seemed to know the terrain very well, managed to escape. A dead body, probably of one of the attackers, was found on the scene, the separatist source said.

The attackers fired from prepared positions and knew the escape route, he said. The attackers knew where Maskhadov was traveling from intercepted radio exchanges between the separatists, the official said.

The attack was staged on the eve of a planned meeting with Gen. Anatoliy Kvashnin, commander of the North Caucasian Military District and a possible resumption of peace talks between federal and separatist negotiators, the official said.

The official did not go as far as directly accusing the federal authorities of having staged the attack but felt it would be quite natural for them to attribute the attack to in-fighting among the separatists.

An investigating team is collecting evidence on the scene of the attack, the dead body of the attacker has been taken away by Maskhadov's bodyguards, the wounded bodyguard has been rushed to hospital and Maskhadov is in a safe place.

Russia: Attack on Chechen Leader Maskhadov Said Due To Rebel Rivalry

LD3007065696 Moscow INTERFAX in English 0637 GMT 30 Jul 96

[FBIS Transcribed Text] GROZNYY, July 30 (Interfax) — The attempt on the life of Chechen separatist chief of headquarters Aslan Maskhadov is a result of rivalry among militants, press secretary of the head of the Chechen republic Ruslan Martagov told Interfax Tuesday.

He thinks those who attacked Maskhadov wanted to prevent his expected meeting with commander of the North Caucasian military district Gen. Anatoliy Kvashnin.

Martagov said the attack on Maskhadov, who he described as the most sober-minded of the separatists, would benefit only the hardline opposition.

Russia: Raduyev Vows To Continue Attacks, Warns Yandarbiyev

LD2907193996 Moscow NTV in Russian 1800 GMT 29 Jul 96

[Video report by unidentified correspondent, including recorded comments by Chechen rebel commander Salman Raduyev; from the "Segodnya" newscast]

[FBIS Translated Text] [Correspondent] At a meeting with journalists today, field commander Salman Raduyev announced that he had asked the leadership of Ichkeria [Chechnya] to abandon the agreements signed in Moscow and Nazran in order to carry on the Jihad — the holy war.

Raduyev claimed responsibility for the blasts at Volgograd and Astrakhan railway stations. He warned that they were only a demonstration of what he is capable of. Raduyev says that for now he is still subordinate to Zelimkhan Yandarbiyev and will remain so as long as Yandarbiyev and his entourage defend the idea of Ichkeria's full independence unconditionally. If Yandarbiyev agrees to compromise with the Russian Government, Raduyev will consider Yandarbiyev an enemy of the Chechen nation.

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[Raduyev] I recognize the authority of Yandarbiyev and the authority of the military leadership as long as they keep to the constitution of the Chechen Republic of Ichkeria and the path of Dzhokhar Dudayev, our president, the path of independence. The moment they leave that path they will become not just my enemies, but enemies of the nation. No one has the right to play with this holy war. No talks whatsoever, I repeat. These are not just words. I have certain forces behind me who back me. There will be no talks whatsoever with Russia. They are arranging talks now. I will wreck those talks too. If Yandarbiyev, if Maskhadov, and other field commanders keep to the path of treachery, if they continue that policy of theirs, the warriors will come over to my side. A great number of units have already come over.

[Correspondent] According to Raduyev, even if Russian troops are withdrawn from Chechnya completely, if the republic's independence is not recognized, the war will be continued on Russian territory. Moreover, it is not in Raduyev's interests to have the troops withdrawn from Chechnya.

[Raduyev] We buy our weapons mainly from the Russians. If they are withdrawn we will lose our main source for acquiring arms. It is not in our interests to have the troops withdrawn. Why fight our own Chechen people? It will be better to fight the Russians.

[Correspondent] Raduyev again confirmed that Dzhokhar Dudayev was alive and that he, Raduyev, was carrying out his order to wage a holy war to the letter. Only the Russian Government could stop it by recognizing Ichkeria's independence.

Russia: Khasbulatov Against Chechnya's Complete Sovereignty

LD2907152496 Moscow INTERFAX in English 1324 GMT 29 Jul 96

[FBIS Transcribed Text] SOCHI, July 29 (Interfax) — Ruslan Khasbulatov, formerly Russian parliamentary chairman and now head of the group of advisers for the armed Chechen opposition, told Interfax on Monday that he did not agree with those saying that Chechnya should be completely sovereign.

He said the basic principles of the draft Russian-Chechen treaty prepared by Khasbulatov a year ago "remain acceptable for the opposition... although the opposition's demands have been tightened because of the (Russian) federal side."

"This in particular concerns the status of the demilitarized republic, the granting of double citizenship to Chechen residents, the maintenance of a unified monetary and legal system," Khasbulatov said.

Chechnya will retain the privilege to form republican and local authorities, he said.

Khasbulatov condemned "the proposal that Chechnya be fully isolated" put forward by some military officials.

"The borders between Russia and Chechnya should remain open," he said, adding that "all these norms correspond with the Russian Constitution."

However, the Chechen people will not approve the treaty on power-sharing between Moscow and Chechnya no matter how good it is, Khasbulatov said.

The Chechen people will not approve the treaty simply because it will bear the signature of Moscow-backed Chechen leader Doku Zavgayev, he added.

The powers of the present Moscow-backed Chechen leader and administration "do not go further than the Severniy airport in the Chechen capital of Groznyy from where Zavgayev tries to govern the republic," he said.

"Moscow should not place a bet in Zavgayev and his administration. This factor impairing talks needs to be removed," Khasbulatov went on to say.

Despite the recent deterioration of the situation, both conflicting sides "need to think about how to reanimate talks and, the key point, about how to end combat actions," he said.

Khasbulatov said he did not insist on a meeting with Russian President Boris Yeltsin.

He said he was ready to hold consultations on a settlement of the Chechen conflict "with the Moscow Kremlin's official representatives."

Russia: INTERFAX Rounds Up Fighting in Chechnya 29 Jul

LD3007070096 Moscow INTERFAX in English 0645 GMT 30 Jul 96

[FBIS Transcribed Text] GROZNYY, July 30 (Interfax) — Two Russian servicemen were killed and 17 wounded as federal positions in Chechnya came under fire from armed separatists on eight occasions Monday, three of them in the capital Groznyy, the press center of the federal command told Interfax on Tuesday.

The federal troops killed five militants and destroyed two offroad vehicles in special operations in southwestern Chechnya, the press center said.

The press center also said a Russian armored vehicle hit a land mine near Barzoy, Shatoy district. Two men were killed and several wounded.

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A group of militants was discovered in the cellar of a house in Groznyy during a Monday night raid. In the exchange of fire two militants were killed and two captured. The detainees had in their possession an automatic rifle of a Russian serviceman killed in the city Monday.

A powerful land mine was discovered and defused in the Zavodskoy district of Groznyy on Tuesday morning, the press center also announced.

Russia: Emil Pain Interviewed on Problems in Chechnya

LD2807195296 Moscow Russian Television Network in Russian 1600 GMT 28 Jul 96

[Interview with Emil Pain, member of the Russian Presidential Council, by anchorman Nikolay Svanidze; from the "Zerkalo" program — live]

[FBIS Translated Text] [Svanidze] Emil Abramovich, how would you describe the situation in Chechnya after the presidential elections? What is going on there? The impression is that we are beating our head against the same wall. Still present is the same desire to finish off the rebel forces. Has this impression any foundation? Is it really possible to finish them off? Generally, what is going on there?

[Pain] It is not possible to describe in one word what is going on there. But right before the last meeting of the state commission for Chechnya, our group had sent out to various organizations an analytical memorandum about possible directions in the development of the Chechen crisis. Three main directions were considered: the direction of a military victory, the direction of a blockade — this option was also examined; and the direction connected with talks and a possible compromise. The first two options cannot be implemented even in technical terms, we think; and attempts to implement them go against any common sense and will be connected with many unpleasant consequences, such as above all an increasing number of casualties and enormous expenses, since for as long as the war is being waged, one cannot control or efficiently use the funds which are allocated for it.

We are indeed beating our heads against the same wall. Certain parts of our society, above all the military, of course, have been cherishing the illusion that there are few of them left, just 20 rebel groups or so, and that one drastic action will be enough to destroy within four to six weeks the main body of the armed resistance. That's a profound mistake.

On many occasions, the idea that it is easy considerably damaged our chances of resolving the Chechen problem, and even led us into blind alleys. The saddest thing of all is that right before these upheavals, we had what I would regard as great achievements. I think for instance that the Nazran meeting in particular was such an achievement, because we had the opportunity on a basis of a compromise and mutual concessions to make considerable progress along the path of a political settlement.

[Svanidze] So what has happened? Was all that effort timed to coincide with the presidential election campaign?

[Pain] No, that is not the point. Of course, the situation has somewhat changed because the president does not busy himself with the details of the Chechen problem as much as he did, say in May or June. But then it would be wrong for a president to carry out the duties of a project manager. After all he cannot routinely deal with Chechnya, payment of wages, and other important issues like a chief accountant.

[Svanidze] So, who is the project manager at present?

[Pain, sighing] That is precisely the problem: We have too many cooks. Well, of course, the president's envoy, Lobov, is still operating in Chechnya. The head of the Chechen state, Zavgayev, is naturally playing a leading role. There is a state commission and the nationalities ministry.

[Svanidze] What about a bright and popular politician such as Security Council Secretary Aleksandr Ivanovich Lebed? What role is he playing there?

[Pain] Naturally, this problem is within the remit of the Security Council. I do not think that any other problem we have poses any greater security risk, and Aleksandr Ivanovich is dealing with it. He is dealing with it as a member of the state commission. But I do not know what duties relating directly to Chechnya he is covering.

[Svanidze] In other words, the statesmen you have mentioned share responsibility for the policy in Chechnya.

[Pain, sighing] Well, all citizens share responsibility for the policy. But as far as the extent of their influence is concerned — I think the list you gave is correct.

[Svanidze] You are the one who has listed them.

[Pain] Well, we both have.

[Svanidze] Can talks start in the foreseeable future?

[Pain] I believe they should be started as soon as possible. The more divided the opposition is, the more difficult it is for anyone of them to speak on behalf of all of them, the more difficult it will be to reach agreement.

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[Svanidze] So, what you are saying is that it will be possible to reach agreement with them for as long as Yandarbiyev and Maskhadov are their leaders.

[Pain] Besides, they have the support of a large number of other field commanders at the moment.

[Svanidze] When separatists become divided into individual rebel units ...

[Pain, interrupting] Then we will have to talk with each individual group and it will take years.

[Svanidze] Can this happen now?

[Pain] I believe that at present we have not yet lost the chance of meeting both Yandarbiyev and Maskhadov if Moscow selects an appropriate politician for this meeting — I stress politician, in addition to generals.

[Svanidze] An authoritative person Chechnya trusts.

[Pain] Yes, yes.

[Svanidze] Is there such a person? Do you have somebody in mind?

[Pain] I have in mind several such people, above all Lebed. I think that if Aleksandr Ivanovich deems it possible to start negotiations, even his statement, even his envoy would be sufficient in the first instance.

[Svanidze] But he is not going there, is he?

[Pain] He intends to.

[Svanidze] Is this true?

[Pain] True.

Russia: General Staff Data on Chechen Separatists' Losses

LD2907181296 Moscow Mayak Radio Network in Russian 1740 GMT 29 Jul 96

[FBIS Translated Text] According to the General Staff of the Russian Ministry of Defense, since the start of the war in Chechnya, over 15,000 [separatist] fighters have been killed and about 50,000 wounded.

Most of Dudayev's men receive medical treatment at town and country hospitals in Chechnya. Field hospitals have been set up in the areas under the separatists' control. Some of the wounded are being treated under assumed names in neighboring Ingushetia and Dagestan. Some have been taken to clinics in Moscow and other Russian towns and cities. Several thousand fighters were treated in Turkey, Jordan, northern Cyprus, and Germany. Many terrorists recuperated at health resorts in Crimea. Two particular favorites among Dudayev's men are the Krym sanatorium in Alushta and the Burdenko rehabilitation center in Saki.

Economic Issues

Russia: Yasin Blames Financial Problems on Tax Abuses, Not Election

MM2907130696 Moscow IZVESTIYA in Russian 27 Jul 96 p 2

[Unattributed report from the "Our Correspondents and News Agencies" column: "Secrets: Russian Enterprises Have Gotten Too Good at Concealing Income"]

[FBIS Translated Text] In the first half of 1996 the Russian Federation's financial position deteriorated sharply; the situation was adversely affected by the December 1995 parliamentary elections and the presidential elections. This was stated by Economy Minister Yevgeniy Yasin in an INTERFAX interview Thursday.

He stressed particularly that "the cause of the difficulties was not the additional measures for social protection of the population undertaken by Russian Federation President Boris Yeltsin, but the reluctance of many enterprises to pay taxes on the eve of the elections." "In many cases we are talking about outright abuses," the minister added.

According to him, many enterprises, "when they have money, transfer funds to their branches and subsidiary firms, concealing it from the tax agencies." And whereas in 1995, Ye. Yasin noted, tax revenue totaled some 13 percent of GDP, in the first half of this year it did not attain 10 percent.

Russia: First Vice Premier Kadannikov on 'Grave' Budget Situation

MM2907131196 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 96 p 9

[Unattributed report: "Vladimir Kadannikov: Stringent Budget and Credit Policy Had High Social Cost" — from the "Business in Russia" section]

[FBIS Translated Text] The grave budget situation has forced the government to use currency reserves, First Vice Premier Vladimir Kadannikov disclosed at a Federation Council session.

Describing the processes under way in the financial sphere as complex, the first vice premier stressed that nevertheless the cabinet has succeeded in achieving the most important thing: Inflation declined significantly in the first six months — from 3.8 percent in January to 1.2 percent in June. This is a result not only of the stringent financial and budget policy implemented by the government but also of the marked reduction in inflationary expectations and the decline in the speed of money circulation.

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Another important point, Kadannikov believes, is the stabilization of the exchange rate and the strengthening of the ruble. As a result the population's income has increased 80 percent in dollar terms in the last 12 months.

At the same time, Kadannikov disclosed, the country's net currency reserves have decreased by almost $4 billion (particularly painfully in May, rather less in June), in other words, by a factor of 1.9. Admittedly, at present this reduction is within the framework of the government's financial program for 1996.

The first vice premier also noted as a positive point the fact that over the last three months the growth in the money supply has outstripped the increase in prices. But because of the slight political uncertainty over the presidential elections, this money went chiefly on buying hard currency and little reached the real economy.

Sales of hard currency in May were $150 million per day on average. The volume of sales began to decline in June. They are even lower now. The results of the elections made a direct contribution to this. It is hoped that the situation in the investment sphere will also now recover.

At the same time, Kadannikov admitted, the government's stringent budget and credit policy has had a high social price. This realization prompted the cabinet's actions aimed at changing the situation in the social sphere. Our approach on questions of wage payment is now simple — people must be paid for the work they have done, and no delays are permissible. But we must also ensure that there are the funds to be used for payment, that the budget is not empty.

Touching on the situation with regard to the budget, the member of government cited the following figures. According to preliminary estimates, the federal budget was implemented as follows over the first six months: in the sum of 136.3 trillion rubles [R] for income, or 87.7 percent; in the sum of R196 trillion for expenditure, or 98.2 percent. The federal budget deficit stands at R42.8 trillion, or 28.4 percent, which is 6 percentage points higher than planned and constitutes 4 percent of GDP.

The situation with regard to establishing the resource base of the budget, and primarily with regard to the tax take, is causing substantial government concern. Tax receipts in the first six months were R76.5 trillion, or 58.9 percent of the six-month projections. The shortfall of R53.3 trillion was distributed among all types of tax revenues: R13.3 trillion in profits tax, R35.2 trillion in value-added tax, R8.2 trillion in duties, R13.7 trillion in foreign trade tax, and R0.8 trillion in payments for the use of natural resources.

The increase in the shortfall was because of the worsening financial state of many enterprises and the considerable reduction in mutual offsetting of debts under treasury tax exemptions, and also because of the massive avoidance of the payment of taxes into the budget on all sorts of pretexts. This is particularly marked in the trade and the banking sphere, while industry carries a tax and tariff load greater than it can endure at present, Kadannikov believes.

The government cannot tolerate this situation. A number of measures aimed at changing the situation have now been taken. Thus authorized late payments into the budget now attract interest at half the Central Bank refinancing rate. The criteria for authorizing late payments have been made more stringent. They can be authorized only in view of underfunding from the federal budget or in the event of considerable material losses as a result of natural disasters, accidents, and other factors not dependent on economic activity

Russia: Davydov: Export Restrictions Deprive Moscow of $1 Billion

LD2907173896 Moscow INTERFAX in English 1501 GMT 29 Jul 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, July 29 (Interfax) — Russia yearly misses profits totaling $1 billion because of various kinds of restrictions on its export to many of the World Trade Organization (WTO) member countries, a senior minister complained.

Commenting on current talks on Russia's bid to join the WTO, Oleg Davydov, Russian deputy prime minister and foreign economic relations minister, told Interfax in an exclusive interview that in his view "the process is getting somewhat dragged out, which is doing equal harm to the interests of all the negotiating parties."

"Russia is being harmed because of the restrictions and the WTO members because of Moscow's complete freedom of action in matters of tariff regulation and protection of the interests of its national market," Davydov said.

"Today the WTO is not an organization whose requirements are binding for Russia," he said. "We have repeatedly told our negotiation partners: the sooner Moscow joins the WTO the sooner we will start regulating our foreign economic activity on the basis of the rules adopted by that organization."

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At present, however, "what Russia, being free from any commitments, considers compulsory for itself are its national interests alone," which "dictate the need to give all forms of support to its own manufacturers, including increasing its import tariffs and other protectionist measures."

Nevertheless, "Moscow would very willingly take another route if, in the context of its joining the WTO, the problems of access of Russian goods and services to the markets of members of the World Trade Organization were quickly settled." In that case "it would be possible to go over to the comprehensive discussion of the trade aspects of the investment process and put emphasis on the enlargement of Western investment into the Russian economy, with granting preferential terms, including tariff concessions, to large investors," the minister said.

"Such investors, producing their goods directly in Russia and not tied down by any customs barriers, would receive the widest possible access to the big Russian market, which consists of 160 million people."

"The problem of external barriers in trading relations between the Russian Federation and WTO members must be tackled without any delay in the mutual interests of the parties," Davydov concluded.

The next round of talks on Russia's application for WTO membership is scheduled for autumn this year.

Russia: IMF Loan Payment Delay Draws Conflicting Explanations

MK2607122696 Moscow SEGODNYA in Russian 25 Jul 96 p 1

[Report by Dmitriy Volkov: "Finance Ministry Officials Suspect IMF of Hatching a Political Conspiracy. The Delay of Yet Another Tranche: Technical in Form, Essential in Substance"]

[FBIS Translated Text] The IMF's move to delay the disbursement of the July tranche of the extended loan for Russia is seen at the Finance Ministry as clearly specious. This does not mean that this is a view shared by the entire ministry and its head. However, a "high-ranking" Finance Ministry official, who asked not to be identified, expressed his personal view, telling the INTERFAX news agency that "the reason for the delay is not a shortfall in budget revenue, but it is elsewhere." Furthermore, the "high-ranking official" (usually this term is used to denote a bureaucrat with a rank of at least deputy minister) suggested that the IMF decision would play into the hand of the political opposition, which would attempt to exploit "the IMF's tacit consent" to President Boris Yeltsin's electoral spending spree and "intense pressure on Russia (which is going through a budget crisis — D.V.) at a time when the situation has stabilized" for the purpose of sabotage or toppling the current regime. It seems that in the view of the Finance Ministry official, the IMF, which "knew that right after the election, when further political stabilization set in, there emerged signs of a steady rise in federal budget revenue," nearly deliberately put the Kremlin in an awkward position. From this follows only one recommendation, which was made personally by the anonymous high-ranking official: The terms of the IMF loan should be revised on Russian terms; namely, on terms that will be beneficial and easy to comply with for the current bureaucracy.

Simultaneously with the apocalyptic warning by the anonymous Finance Ministry employee, another two explanations have emerged as to why the IMF delayed the release of the July tranche. One was offered by Deputy Finance Minister Andrey Vavilov, who said in his press release that he sees no problem at all. "The delay was caused by purely technical reasons," he asserted. The second explanation came from Aleksandr Livshits, presidential economic adviser. He acknowledged that the IMF closely watches Russian Government decisions aimed at raising budget revenue and the collectibility of taxes, noting at the same time that the Fund will have to make up its mind as to the relatively "unconventional" forms of tax policy to which domestic authorities have to resort.

In fact the situation with tax collection is disastrous for two reasons: No one wanted to pay taxes until the country acquired its leader (this acquisition has made it possible to change the mood of corporate taxpayers); second, the tax system is somewhat cruel toward entrepreneurs in general, but at the same time it favors traditionally subsidized industries. The corruption permeating the budget system has so exacerbated this problem that budget revenue is currently a shambles.

Naturally, the Fund and its mission, which in fact had a pretext for taking a technical break (the IMF Board of Directors is on vacation from 2 to 19 August), used it in order to clear out if there are grounds to talk about attempts by Russian authorities to bring their tax policy within a civilized framework. It seems that in the absence of a permanent government, whose definitive shape remains absolutely unclear, IMF experts would be simply ashamed of making any final decisions, whether blessing or blasting Russian economic policy.

As Stanley Fisher, IMF deputy managing director, put it, this is a matter of postponing the disbursement of tranches. In other words, the mission, which is due to resume its operation some time in August, will receive

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more complete information from both the Finance Ministry, represented by its high-ranking officials, and the Central Bank. If this information is deemed to be reliable, the July tranche can be expected to get the green light. But even in this case the "postponement" does not mean that next time the tranches for two months — July and August — will be disbursed at once, Mr. Livshits thinks; in all likelihood, there will be a general shift in disbursement, which Russia could make up for only gradually. After all, the IMF does not look similar to the agencies that tend to hack out quarterly wages at one stroke. Furthermore, whatever "high-ranking" Finance Ministry officials might think, the IMF is not a political organization that would play games with the opposition and the Kremlin; nor is it a humanitarian foundation handing out funds to the Russian Finance Ministry "without much problem." Problems remain, and while for the IMF they will be confined to economic decisions, for Russia the problem is exactly who will make these decisions.

Russia: Overstretched Bank Was 'Impossible To Revive'

MM2907134496 Moscow FINANSOVYYE IZVESTIYA in Russian 25 Jul 96 p 3

[Report by Marina Talskaya: "There Will Be No Resurrection for Tveruniversalbank"]

[FBIS Translated Text] The swiftness with which Tveruniversalbank has passed away is impressive indeed. The judgment was pronounced and executed so quickly as to suggest that the Central Bank's punitive sanctions were, in a way, exemplary and edifying. They were meant to show that neither the size of a bank nor its previous services or social significance could be regarded as extenuating circumstances.

As recently as last Friday [19 July] the Central Bank did not think the Tveruniversalbank's position entirely hopeless, as was suggested by the order from its temporary administration whereby the heads of the bank's Moscow departments were to be dismissed from their posts. After all, had the bank indeed been given up as a bad job, any staff changes would have been senseless. As shortly afterward as Sunday [21 July], however, the bank had ceased to exist.

Among the main factors preventing Tveruniversalbank's survival even until Monday Central Bank head Sergey Dubinin mentioned deals involving its own real estate property, being concluded behind the temporary administration's back, and the dissipation of its assets.

The bank's main strategic mistake, which had given rise to serious problems, was declared to be its program on promissory notes. This accusation stung the bank to the quick and provoked a comment from one its aides. In his opinion, the bank could not have been harmed by any incompetent promissory note policy — even if there had been some ill will — by definition, since the credit against promissory notes was being granted under specific programs, therefore the risk involved was no higher than for the rest of the bank's crediting policy. Moreover, half of the bank's portfolio of promissory notes consisted of notes issued under Finance Ministry guarantees and therefore completely reliable as regards recovery potential.

According to Tveruniversalbank staff, approximately a month ago the bank worked out a package of rescue measures. The main idea underlying the self-rescue was to "wind up" the bank's activities in Moscow by selling off assets so as to settle the debts. An internal analysis performed by the bank showed that all of the bank's offices except those in Moscow were working fine. It is also maintained that the Central Bank was aware of this program.

There is, however, no point in talking about what turn events could have taken had ifs and ands been pots and pans. Central Bank Chairman Sergey Dubinin said categorically that Tveruniversalbank would be impossible to revive — unless it were by creating a new bank. As to the harshness of the demands on newly created credit organizations, there is nothing new in this.

Russia: Regional Tax Collection Problems Viewed

MM2907150196 Moscow ROSSIYSKIYE VESTI in Russian 25 Jul 96 p 1

[Feature comprising reports by Natalya Vdovina and correspondents Vladimir Stakheyev, Tatyana Borisevich, and Nikolay Belyy under the general heading: "They Receive Money in Full, But Return Mere Crumbs: Tax Shortfall in Russian Regions Is One of the Main Reasons for the Worsening Financial Squeeze"]

[FBIS Translated Text]

Moscow

Who still pays taxes in Moscow, then? Journalists were taken aback by this question from Aleksey Bryachikhin, prefect of Moscow's West Municipal District. The news conference was held at the Central House of Journalists and was devoted to the reorganization of management structures in the capital. That such reorganization is long overdue is indicated if only by the fact that a mere 40,000 of the 75,000 commercial enterprises registered in the West Municipal District are "acquainted" with the tax police, and 16,000- 20,000 of them duly pay their

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taxes. Where the remaining 55,000 companies and firms have vanished is unknown.

It is necessary to start remedying this situation by instilling order, particularly in the capital's bureaucratic apparatus. Whom does it benefit if a worker in the Municipal Housing Department processes roughly five apartments a year? Is it advisable to maintain such an army of bureaucrats? Some of them will have "to move on."

Yekaterinburg

A Public Safety Council has been set up under Oblast Governor Eduard Rossel on the latter's initiative. Monitoring tax performance in the oblast figures among the Safety Council's other functions. The council has taken on the role of coordinator, particularly as regards the tax problem.

The Safety Council discussed the problem of taxes in a very detailed and rigorous way at a session held six weeks ago. Strict instructions were received by a number of leaders of services directly guilty of a negligent professional attitude.

The Oblast Prosecutor's Office has carried out a comprehensive investigation and has also detected serious violations in the activity of the tax agency and other organs responsible for receiving resources for the budget. Acting Oblast Prosecutor Fedor Kondratyev informed us that dozens of criminal proceedings have been brought on this score. Sixty officials have had administrative and disciplinary action taken against them.

The results of this comprehensive work have been pretty effective. In June alone the republic budget obtained an extra R300 billion in taxes from Sverdlovsk Oblast.

The Komi Republic

Only 51 percent of all taxes were collected in the Komi Republic in the past six months. The situation regarding local taxes is better than the others — 69 percent of taxes having been received. Taxes paid into the federal budget were in second place— 48 - percent having been received. While taxes at the republic level (44 percent) were worst of all.

But these figures do not tell the whole truth. The point is that only one-third of taxes are received in the form of real money. The rest comprises mutual settlements, bills of exchange, and even barter procedures. So only 37 percent of payments into the federal budget was made in real money, and 38 percent into the republic budget. And without real money it is impossible to pay the wages of those financed out of the budget — the teachers, doctors, law enforcement agencies.... Unfortunately, the measures taken to improve the tax collection rate are not yielding the desired result. The situation had worsened by July this year. Whereas R344.4 billion was received at all budget levels in May, the figure for June was only R136 billion.

Blagoveshchensk

Revenue of R1,093,075 billion has been received in the Amur region since the start of the year. But one-half of this trillion's worth of revenue is mere paper. R673.623 billion of the revenue is accounted for in a highly peculiar fashion where money does not actually participate in strictly money transactions on a Russian scale: It is covered by so-called treasury tax exemptions issued by Moscow, bills of exchange issued in Blagoveshchensk, and by barter payment as part of mutual settlements between enterprises. As a result R434.256 billion was received by the federal budget as of 1 July, according to the oblast tax inspectorate's figures, but this figure is, alas, exaggerated, for it again includes tax exemptions. They account for no less than R289.151 billion — the same useless rubles. It eventually becomes clear that only about R130 billion in real money has been received by the federal exchequer from Amur Oblast. Less than R65 billion has remained at the territory's disposal. Only crumbs are left from the big financial loaf....

"But even with this dismal picture," Nina Shchevlyagina, deputy chief of the Russian Finance Ministry's Federal Treasury Administration for Amur Oblast, said, "revenue is getting lost in the region. Arrears are on the increase. They amount to R637 billion, including R303 billion owed the federal budget, since the start of the year. And the tax officials cannot get their hands on these arrears, which chiefly occur in commercial structures. We scrupulously count every ruble. It is said that we send a lot of money to Moscow. A lot? Amur Oblast had paid R130 billion into the federal budget as of 1 June, we received in the form of various transfers R736 billion."

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National Affairs

Ukraine: Kuchma Reorganizes Ministries, Departments

LD2907190496 Moscow INTERFAX in English 1543 GMT 29 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Leonid Kuchma has ordered a reorganization of central government.

He abolished the ministry for protection against the after-effects of the Chernobyl accident and headquarters for civil defense to set up an emergencies ministry instead.

The ministry for youth and sports as well as the committees for juvenile affairs and for women, maternity and childhood have now been abolished giving way to a new ministry for family and youth affairs.

An information ministry is set up instead of the ministry for the press and information and national information agency.

Other abolished bodies include the state committee for science, technology and industrial policy, national agency for marine studies and technologies and the state service for specific information and critical technologies. These are replaced by a new ministry for science and technologies.

A new state committee for official secrets and information protection is being established instead of the state committee for official secrets and state service for the protection of technical information.

The ministry of nationalities and migration is turned into a related state committee while a new state committee for physical culture and sports has been created.

The state department for aviation transport and the air space committee are brought under the transport ministry.

The cabinet is given a month in which to make proposals on appropriate changes.

It is also to draw up proposals on the newly-established ministries and other government bodies.

Ukraine: Union of Communists Issues Statement Against Constitution

LD2907205296 Kiev UNIAN in Ukrainian 1645 GMT 29 Jul 96

[FBIS Translated Text] Kiev — The Union of Communists of Ukraine [UCU] resolutely protests against the legislative approval for the change of Ukraine's social and political system against the interests of working people. In a statement circulated today, the UCU says: "The new Ukrainian Constitution legalized social injustice and the robbery of the working people by the bourgeoisie of Mafiosos and compradors." The statement stresses that "the constitutional process exposed the shameful fact of the betrayal of working people's interests by the majority of Socialist Party and Communist Party deputies."

The UCU adds that the adoption of the new Ukrainian Constitution by the Supreme Council will not help to solve economic problems and stabilize the sociopolitical situation.

Ukraine: Government Raises Wages, Pensions, Benefits

LD2907202196 Kiev UT-1 Television Network in Ukrainian 1800 GMT 29 Jul 96

[No video available]

[FBIS Translated Text] The Ukrainian Cabinet of Ministers has approved a package of additional measures concerning social protection in line with inflationary changes. The government approved a 10.8 percent rise in wages and salaries payable to the employees of budget-funded enterprises and organizations, with effect from 1 August. Another resolution envisages a 10-percent increase from 1 August, in pensions awarded by social security authorities in accordance with Ukrainian laws, including bonuses, increments, and additional pensions envisaged by active legislation. Welfare benefits payable to certain categories of citizens have been increased as well. A one-off payment payable upon the birth of a child will now amount to 3.38 million karbovantsi. Compensation benefits payable to persons affected by the Chernobyl disaster will increase considerably.

Ukraine: Deputy Prime Minsiter on Political Situation

WS3007095696 Kiev REGION in Russian 23-30 Jul 96 p 3

[Interview with Ukraine Deputy Prime Minister Oleksandr Yemets, by Liya Ilchenko; place and date not given: "Oleksandr Yemets: I Made a Parachute Jump To Mark the Passing of the Constitution"]

[FBIS Translated Text] A meeting between REGION correspondent Liya Ilchenko and Oleksandr Yemets, deputy prime minister for political and legal issues, was unexpectedly postponed for several hours: to mark the passing of the Constitution and the people's deputies' oath of allegiance, a group of people's deputies decided

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... to make a parachute jump. Some people's deputies have already had this experience. However, for most of them, including Oleksandr Yemets, this was the first time in their lives. Therefore, the question about the deputy prime minister's feelings was naturally the first one we asked.

[Yemets] I feel wonderful and I have had a great experience. Unfortunately, the plane did not fly high, some 800-900 meters above the ground, so the jump lasted no longer than two minutes. It is nice that nobody among the group of seven people's deputies refused to jump. After all, when we were attaching parachutes, we witnessed an unpleasant event: the parachute lines of a sportsman who was jumping at that moment tore and he was forced to use a spare parachute.

[Ilchenko] Oleksandr Ivanovych, does not your application for resignation resemble a similarly risky and desperate act?

[Yemets] The question of whether to step down from the office or remain in the post is of a different nature. In accordance with the Constitution and democratic regulations, I am obligated to apply for resignation. At the moment, a new government is being formed. Meanwhile the old one, according to the procedure, continues to perform its functions until the prime minister determines the composition of his team. Therefore, a final answer to the question whether I will work in the executive system or in the legislative body will be given only after I receive appropriate proposals and decide whether I am content with the terms and the people with whom I will be working.

[Ilchenko] What kind of proposals do you expect?

[Yemets] I will refrain from answering this question, given that the negotiation process, which is of a fragile nature, is in progress. All I will say is that I have spoken to the president and the prime minister. However, specific powers which will be offered to me are still being determined.

[Ilchenko] Will the post of deputy prime minister give you enough powers?

[Yemets] Yes, it may. However, a reform of the functions of prime minister, deputy prime ministers, and ministers will be conducted. A new structure and system of the executive power will be formed according to the new Constitution.

[Ilchenko] What is your attitude toward those people from Pavlo Lazarenko's team who have been already selected?

[Yemets] For the time being, it is difficult to answer this, given that the majority of the hitherto appointments have been made by the president. According to the new Constitution, the president directly supervises such fields of the state's activities as foreign policy, national security, and defense. The part of the team which is responsible for the aforementioned field of governmental activities has been already appointed. Taking into account my sphere of activities, I am satisfied.

[Ilchenko] There has been a lot of talk recently about the forming of the so-called Dnepropetrovsk team at the top echelons of power. So far, I have failed to obtain confirmation of this definition from officials...

[Yemets] We should not turn a blind eye to obvious facts. The president, the prime minister, the chief of Cabinet, and the Security Council secretary come from Dnepropetrovsk. The list is even longer. However, there is nothing abnormal here. Of course, it is necessary to observe certain proportions, but proportions themselves should not harm work. In addition, we should take into account the psychological mechanism of making these kinds of decisions. Imagine the situation in which a considerable number of people must be appointed to certain posts which have a significant impact on the state. Naturally, first of all a man recalls those whom he has seen at work and whose intellectual capabilities and possibilities he knows. There is no time to wait for months to examine numerous candidates. After some time, there may be changes if somebody else demonstrates his abilities.

All this I experienced myself, when I formed the ministry from scratch. Whom did I choose? People I knew from work in parliament, from my previous work in internal affairs bodies, and with whom I studied at the university...

Obviously, this issue has its complications and at the moment a new system of personnel selection is being developed. Political teams will become one of the mechanisms of this system. Namely, the Dnepropetrovsk team resulted from the victory in the presidential election. The president had seen those people work and was able to assess their abilities. There is nothing unnatural in it. Obviously, there should not be regional abnormalities at the national level. As the prime minister has promised, there will be representatives of all the regions in the government.

[Ilchenko] He also promised the peoples' deputies he would bring about a balance between various political forces. The issue of a coalition government is currently one of the most popular ones. Is it possible to establish a coalition government?

[Yemets] I think that we are not yet prepared for this, given that there should be a coalition of some political

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forces, and such a coalition does not exist. A simple gathering of people who represent certain parties is not necessarily a coalition government.

[Ilchenko] Do you think the fact that former Prime Minister Yevhen Marchuk was highly ranked as a politician at the time he was dismissed will be taken into account as the new cabinet is formed? To what degree is his return to the government possible?

[Yemets] It is unlikely that he will become a member of the Cabinet of Ministers. As for the future, Marchuk has great potential.

[Ilchenko] There are states which do not have constitutions, such as Israel or Great Britain, yet their standards of living are such that I wish we had the same. Do you not think that too much emphasis was placed recently on the importance of passing the Constitution?

[Yemets] People in Ukraine understand a constitution as a text published in a book. But, in fact, a constitution is a collection of constitutional regulations envisioned by various laws or traditionally accepted, like in England.

For instance, we believe that the law on the press resolves the problems of the mass media, but the British believe in something opposite. According to them, any supplementary press regulation will obligatorily limit the freedom of the press. We, who do not have democratic traditions, must have written regulations. Meanwhile, other countries simply have them in their blood. One may say that we do not write down that it is necessary to wash every morning. Nevertheless, we do this in accordance with traditional norms. In certain states relations between presidents and parliaments also are regulated by tradition, and nobody would even think about violating these relations. This is a problem of different approaches, traditions, and cultures.

[Ilchenko] However, is it not true that the basic law includes too many vague provisions which were caused by the haste with which the first, and particularly the second draft of the Constitution was passed?

[Yemets] The Constitution could have been passed even faster, within, for example, three minutes. Only three or four articles were considerably changed. This is because the actual act of passing it was proceeded by a great deal of joint work. As a result, while voting for 15 hours without break, the parliament supported with minor changes the text which had been developed by the interim commission. Obviously, if the process of reaching an agreement is very difficult, thus meaning compromises have to be reached, this inevitably leads to a certain worsening of the text from the judicial perspective. All misunderstandings are to be resolved by the Constitutional Court, which has the right to deal with the basic law.

[Ilchenko] What will the structure of the Constitutional Court be and who, according to you, will head it?

[Yemets] According to the Constitution, 33 percent of judges will be nominated by the president, a further 33 percent — by parliament, and the remaining 33 percent — by the judicial power. So far, there are some problems with regard to the third group, given that a mechanism for appointments has not been developed.

The Constitutional Court will be headed by an individual elected by the judges themselves. There are a number of people who worked in the Constitutional Committee who have authority and know the judicial power from the inside. They are Butkevych, Stretovych, Podpalov, and Butchak; all of them are worthy candidates.

[Ilchenko] Oleksandr Ivanovych, you are a member of the Reforms parliamentary faction which over a month ago included on the agenda of the parliamentary session the issue of expressing no confidence in Supreme Council Chairman Oleksandr Moroz....

[Yemets] My signature was also under the motion for Moroz' dismissal. This was an unsuccessful move, made at the wrong moment. In essence, there was a possibility to change the Supreme Council leadership. However, Oleksandr Moroz played his role splendidly. He correctly presumed that he could not be dismissed on that day, and included the issue of his dismissal on the agenda. Before this event, all efforts were concentrated on the passing of the Constitution in the first reading, and then, after a great victory, came relaxation: a number of people's deputies left, and no agreement was reached with the group that remained in the session hall. Oleksandr Moroz was aware of that and raised the issue of voting precisely when there was no quorum in the hall. This is a well-known method used by governments when they feel that a vote of no confidence may be launched against them. According to the legislation, the next vote of no confidence may be carried out in one year.

Nevertheless, this move produced certain results, given that political pressure was exerted on Oleksandr Moroz, and thus he began to work more intensively on passing the Constitution.

However, this should not be regarded as personal hostility. There are people whom I respect although I do not share their opinions or political stances. Therefore, I will always fight to prevent them from winning elections or from heading any kind of state body.

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[Ilchenko] What do you think about the fact that your name is cited among the potential candidates to the post of Kiev City Administration head?

[Yemets] Do you know what I like about these rumors? Not so much the fact that my name was cited among candidates for this post, but the fact that the residents of Kiev expressed their sympathy to me. According to recent sociological polls, I occupy fourth place, which I consider very high, given that I did not work for Kiev's benefit as directly as I worked at the national level.

As for the fight for this post, it is a normal thing. Only the best should win in this competition.

[Ilchenko] You mentioned once that you would be proud of this year to the end of your days....

[Yemets] A man who has managed to realize his potential cannot but feel happiness and inner satisfaction. This part of my life will be enough to report to future generations about my whole life. The rest may even be forgotten. However, I regard the passing of the Constitution as an even greater event than the proclamation of independence. At that time, it was a somewhat formal process. Everyone voted for independence: those who supported socialism and those who supported capitalism; those who wanted dual citizenship and those who wanted one citizenship. First, they approved. The next day they began to think about what precisely they had approved.

By passing the Constitution, we have removed a number of questions. This means that society has come to recognize its own existence and demonstrated how it views its place on earth among other sovereign societies. The self-affirmation of the Ukrainian nation also has taken place. And this guarantees that we have our own state which we will leave to our children and all future grandchildren....

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Belarus

Belarus: Officials, Opposition Deny Sanctioning Ilyukhin's Claims

MK3007111596 Moscow NEZAVISIMAYA GAZETA in Russian 30 Jul 96 p 3

[Article by Aleksey Portnov: "Republic Celebrates Independence Day"]

[FBIS Translated Excerpt] [passage omitted] The Belarus Foreign Ministry has made it understood in a brief statement that it regards [Viktor] Ilyukhin's pronouncements in Minsk as nothing short of interference in the republic's internal affairs: "Adhering to the principle of good-neighborliness in international relations, Belarus proceeds from the fact that these principles are also fundamental to other states in their relations with it." The statement also stresses that "the sovereign state of Belarus has all necessary means and capabilities to guarantee peace and stability in the country and the safety of its citizens." Deputy presidential chief of staff Vladimir Zametalin went even further. It follows from his interpretation of Ilyukhin's revelations that the head of the Russian Federation State Duma committee was carrying out an order.... from the Belarus People's Front(!). Vladimir Zametalin in particular pointed out in a television interview that "Ilyukhin's statement was helped on by an entire cascade of political actions in Minsk this past spring.... They are needed by certain forces in order to strengthen the view that Belarus is an unstable state where dictatorship and totalitarianism allegedly flourish." Judging by Vladimir Zametalin's statement, such "political forces" are Zenon Poznyak and Serhey Naymchik, who according to him have the sole objective of "consolidating all possible forces in the interests of opposing the sovereign state and its president."

It is hard not to notice a contradiction in the stance of the Minsk officials: No contacts whatsoever between the Belarus People's Front [BNF] and Russian communists are possible a priori. On the other hand, Alyaksandr Lukashenka is on record as having repeatedly spoken in a spirit congenial to Ilyukhin. For example, during a visit to Minsk by head of the Russian Foreign Ministry Yevgeniy Primakov, the Belarus leader told journalists in the "direct manner" characteristic of him that there was already "a NATO intelligence infrastructure" near the border of Belarus. Also well known to Belarusians is Ilyukhin's charge that there are close relations between the BNF and the UNA-UNSO [Ukrainian National Army-Ukrainian National Defense Union]. Observers note in particular that Belarus state media controlled by the president have for 18 months played up the theme of mass disturbances — allegedly planned by the Belarus opposition, with support from the UNA-UNSO — aimed at deposing the "popularly elected president." In other words, the mass conscience in the Republic of Belarus has long and with enviable persistence been prepared for the possibility of the state employing repressive measures against the opposition.

Ilyukhin's statements, in this context, were taken by a number of Belarus politicians as a "helping hand" held out to Alyaksandr Lukashenka. Alyaksandr Kalyakin, first secretary of the Communist Party Central Committee, came up with the idea at a press conference last Friday that "Ilyukhin's sources of information are in Belarus and belong to persons who are waging propaganda in the spirit of those who once waged propaganda in Germany." An almost identical view was voiced by one of the BNF leaders, Vintsuk Vechorka, in whose view "Lukashenka and his Moscow masters are preparing the ground for crackdowns on participants in mass protests against the totalitarian regime," and a BNF spokesman has no doubt that such protests are imminent.

Such an interpretation does have a basis. First, the style of Ilyukhin's statement is painfully reminiscent of the style of Vladimir Zametalin's "ideological opuses." Second, Ilyukhin, to all appearances, had counted on Minsk's support and could not suppose at all that the latter would condemn him together with the BNF. Finally, and most importantly: mass protests of primarily the workers of major industrial enterprises will most probably begin in Belarus in the fall. Therefore, Ilyukhin's "help" in "witch-hunting" could have come just in time for Minsk.

It can be assumed in this connection that Minsk had known about the intentions of Ilyukhin, who must have also had an ax to grind. It is possible that the presidential team thus tried to secure itself against possible disturbances on Independence Day in Belarus. When it became clear that no disturbances were planned, the ideological service was told to "cease fire." Yet, President Lukashenka imposed a ban on meetings, demonstrations, and marches on Independence Square in Minsk with the exception of those to be specially permitted.

Belarus: Lukashenka Wants To Serve 'Two Future' Terms

WS3007100196 Minsk Radio Minsk Network in Belarusian 0805 GMT 29 Jul 96

[FBIS Translated Excerpt] [passage omitted] As for the fixed production capital of state and collective funds, my dear enterprise managers, remember: We, along with the government, will work to accomplish the president's task of sending on average one harvest combine to every farm every two years and one tractor every year. This

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year and the next, we will try to ensure that this is done. If we fail, there will be neither collective nor state farms, because tractors and equipment are being destroyed by wear and tear. Considering [words indistinct] this task set by the president [words indistinct] to improve our agriculture, one can draw one conclusion: we, dear friends, have land — good land. Not in the mountains, but the flat and rich land. The rest is up to us.

Dear comrades! You have raised here a range of very serious issues. While organizing this meeting, I sometimes felt ashamed for certain politicians because I know that our peasants and agricultural technicians who will be watching the president and Cabinet members on television today will say: what on earth is going on in the cities! The politicians there, growing fat from doing nothing, go around under all sorts of banners and are dragging their heels on all the events being carried out by the president. I feel ashamed for them in front of our people. In this situation, I would like to say that enterprise managers as well as heads of local executive committees and administrations will be brought to account for this anti-presidential and anti-state propaganda being spread at this difficult time. Once the State Security Committee [KGB], the Interior Ministry, or my aides tell me that all those tiny parties of all stripes are launching an election campaign and distracting people from work, and that rallies are being convened at enterprises or elsewhere in the hinterland, I will call to account [officials from] the presidential vertical chain of power. I categorically ban any rallies and demonstrations at a time when peasants are working in the field. Everything is to be put off until winter.

A presidential edict will soon be signed on the stabilization of the situation in the country. Everyone should work instead of organizing campaigns to strip the president of power. I want to declare that I am going to stay in office not one but two future terms, [ya nameren rabotat ne tolko etot srok prezidentom, no i dva budushchikh sroka] and I would like politicians to proceed from this and stop trying to strip me of power. I was elected by the people and only the people have the right to remove me from power. I want to unequivocally declare: I will strip certain people of power before they even think of removing me from power.

Dear peasants! We are living in times when all of us have to pass a very serious test. You have it hard, but the government and myself have it hard too. Let us unite and get the better of those who dream of seeing us bungle the harvest campaign and create additional difficulties in our state. I will do my best, I promise you. I promise you that I will stand by you at this difficult time and together we will try to support our state and ensure its independence and sovereignty. Moreover, I want to express my gratitude to all those who participated in the discussion today and who will go to work in the fields tomorrow. Once again, I would like to express my tremendous gratitude to our peasants, workers, teachers, and doctors who are engaged in the harvest right now and who will make sure that the harvest is successfully collected. Thank you in advance. I wish you happiness and good spirits. We will soon think how to help you so that your children have everything necessary to go to school and how to help pensioners in the urban and rural areas. I wish you all health, and I will see you soon. Goodbye.

Belarus: Deputy Speaker: Lukashenka May Have To 'Change Job' in Fall

WS3007090396 Minsk BELAPAN in English 0658 GMT 30 Jul 96

[FBIS Transcribed Text] Minsk, 29 July — Henadz Karpenka, Deputy Chairman of the Belarusian Supreme Soviet, welcomes the "realisation of the necessity to make joint efforts in lifting the state out of the chaos and darkness by the leaders of the largest political forces in the Republic." Mr. Karpenka told that to foreign and Belarusian reporters during the July 27 demonstration on the occasion of the Independence Day. Making a prognosis about the President's response to the appeal by the seven leading parties to the Belarusian citizens, Mr. Karpenka said "one may expect only foolish things from him." Mr. Karpenka pointed out that the President, who "should long ago have considered various views and opinions as regards the current processes in the Republic and ways to lift the economy out of the crisis, does not want to do that." In Mr. Karpenka's opinion, the Belarusian political forces will reach the peak of consolidation in autumn this year, and then "Alyaksandr Lukashenka will have to change either his policy or his job."

Belarus: Lukashenka 'Categorically' Bans All Rallies

LD2907201696 Moscow NTV in Russian 1800 GMT 29 Jul 96

[From the "Segodnya" newscast]

[FBIS Translated Text] In Minsk, the Belarusian leadership is strengthening the powers of the local KGB and Interior Ministry. Essentially, elements of a state of emergency are being introduced. This report from Minsk with the details.

[Begin recording] [Unidentified correspondent] The president of Belarus today announced the postponement of all political rallies and demonstrations until the winter. Industrial managers and state officials will

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be held responsible if such demonstrations take place. Alyaksandr Lukashenka announced this on live television during a three-hour phone-in with representatives of his administration in the regions.

[Lukashenka, in Russian] Heads of enterprises and heads of executive committees and heads of administration will be responsible for permitting propaganda against the president and the state at this difficult time. I categorically ban all rallies and demonstrations while the peasant is out working in the fields. Everything is postponed until the winter.

[Correspondent] The conference, which was attended by the whole leadership of Belarus, including the defense minister, was devoted to livestock feed and the start of the battle to bring in the harvest. The president promised the countryside that he will not dissolve collective farms and that he will give assistance to rural pensioners.

Lukashenka also announced that he will toughen the political regime in the near future and that he planned to be president virtually for life.

[Lukashenka] A presidential decree on measures to stabilize the situation in the country will be signed in the very near future. Everyone must work instead of organizing campaigns to put the president out of office. I wish to state that I intend to work as president not just this term, but the two next terms, too.

[Correspondent] Alyaksandr Lukashenka called on collective farm workers to unite around the president to shame all his opponents hoping to see the harvest fail and additional difficulties created in society.

Lukashenka said today that his expectations of his representatives will from now on be severe — iron, as the president put it. People such as one could make nails of.

Belarus: Lukashenka's Proposed Demonstration Ban Criticized

WS3007082396 Minsk BELAPAN in English 0658 GMT 30 Jul 96

[FBIS Transcribed Text] Minsk, 29 July — "A ban on the freedom of mass meetings and demonstrations, which is guaranteed by the Constitution, is an element of the state of emergency," Yuryy Khadyka, Deputy Chairman of the Belarusian Popular Front [BPF], said while commenting in an interview with a BELAPAN correspondent on a statement by President Alyaksandr Lukashenka about his intent to categorically forbid any political demonstrations during this year's harvesting campaign. This statement, according to Mr. Khadyka is evidence of the fact that Alyaksandr Lukashenka feels unsure in the post of President, and that the point of the President's impeachment being raised by political forces in the country is extremely timely. Mr. Khadyka holds that the Constitutional Court should immediately express its opinion about Lukashenka's statement. Answering the question as to what the democratic forces will do if the declaration of a ban on mass meetings and demonstrations becomes a reality, the BPF deputy chairman said, "If he forbids we can do without mass meetings and demonstrations until the people's real discontent bursts out."

Belarus: Culture Fund Involved in Tax, Duty Scam

MM2907135496 Moscow IZVESTIYA in Russian 26 Jul 96 pp 1, 2

[Report by Viktor Dyatlikovich: "Belarusian Scandal: Mysterious Disappearance of $60 Million"]

[FBIS Translated Text] Minsk — The president of Belarus has tended of late to put the failure of his economic policy down to the inadequate powers vested in the executive authorities. But there has been an unfortunate rash of scandals in Belarus of late, which show what damage the country's budget suffers as a result of the executive authorities' possession of just one right — to grant individual firms tax and customs duty concessions.

Another scandal erupted after the press got hold of the materials of an investigation by the country's Prosecutor's Office. According to them, the Belarusian budget was 828 billion rubles [R] (around $60 million) short as a result of the activities of the Makhmud Esambayev Fund for Support and Development of Culture. The president and his structures, together with well-known cultural figures, turned out to be mixed up in the scandal.

Your correspondent managed to acquaint himself in some detail with the documents of the investigation.

Makhmud Esambayev decided to "help" Belarusian culture last spring. There are reasons to believe that talks about setting up the fund were conducted in May-June 1995, when Esambayev twice visited Minsk as a member of Iosif Kobzon's retinue, when the latter was giving concerts there, and soon put forward the idea of setting up a fund to help out impoverished Belarusian culture with money. Some very famous and nationally respected people — Valentin Yelizaryev, artistic director of the Bolshoy Academy Theater of Opera and Ballet; Igor Luchenok, the composer; and Vladimir Rylatko, deputy minister of culture, started going around the top offices — even that of the president. They were also among the founders of the fund, which was registered 14 June 1995.

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Thereafter the fund became very busy, immediately attracted the patronage of the Belarusian president's administration of affairs, a structure headed by Ivan Titenkov, a man very close to Alyaksandr Lukashenka. It was with the administration of affairs that, on 27 July, the fund for support of culture concluded a contract on cooperation and joint activity in carrying out...construction, modernization, and repair work at a number of state facilities, committing itself to invest $45 million in them.

Three weeks later, 11 August, the government responded to a request from the signatories to the contract to "provide assistance in implementing construction programs" by issuing directive No. 655, whereby the fund was given six months' grace for the payment of customs duty, value-added tax, and excise duty on imported goods, and also customs duty on goods exported on contracts agreed with the president's administration of affairs.

This fantastic efficiency is easily explained — the deferment was demanded by Alyaksandr Lukashenka himself. He stated it publicly in his speech at the congress of Belarusian business circles last Monday [22 July].

The fund did not waste any time. On 25 August a contract was concluded with the British firm "Starcross c/o Termeast Limited" for the supply of consumer goods worth $250 million. And motor vehicles, vodka, beer, and domestic appliances passed through Belarus en route for Russia. With each passing month the fund's debt to the budget on payments which did not qualify for deferment increased.

But it was not until 7 December 1995 that the government drew conclusions from the situation and revoked its deferment decision. In an attempt to establish on whose behalf the president was interceding, his monitoring service carried out a check on the fund's activities. As a result it was presented with a bill for R638 billion, but it turned out that the fund had no money in Belarus. Most of the commodities, together with the money, had gone to Russia and there was no realistic possibility of recovery.

The Belarusian authorities managed to detain only 28 freight cars carrying vodka and one carrying furniture; the intention is now to sell these goods, thus recovering at least some of the money for the budget. The president is publicly outraged, saying that "we will get them no matter what it takes, and they will put money into the Belarusian budget." Representatives of the Belarusian customs are more pessimistic about this prospect, saying privately that the chance of recovering the money for goods that have already gone to Russia is virtually nil. So it looks like the $60 million is lost to the Belarusian budget forever.

Only the role of the famous cultural figures in this affair remains unclear — did they know from the outset why the fund was being set up and did they have an interest in it, or are they the injured party, now forced to scrape off the mud. In fact, in the sphere of supporting and developing Belarusian culture, the fund's successes are not great.

Its founders do not have a burning desire at the moment to communicate with the press. And the report by the president's monitoring service on the check on the fund's activities names just one instance of a major fund "donation" — during 1995 the Belarusian State Choreography School, whose Director L. Korobkina is also the fund's general director, received R226 million.

In conversation with your IZVESTIYA correspondent, a senior official in the Belarusian Prosecutor's Office, while not ruling out the self-seeking ambitions of cultural figures, reckoned that the second theory was more realistic. At the same time, the Prosecutor's Office official noted that it is a pernicious practice to grant state officials, even the president or government, the right to give individual firms concessions when it comes to customs and tax payments. Indeed the Prosecutor's Office investigation showed that although the government's decision to grant the fund a deferment on payments turned out to be mistaken and led to enormous budget losses, it was made in accordance with its powers.

As a result the Prosecutor's Office was forced to abandon criminal proceedings on the granting of a deferment that led to budget losses. The fact that state officials are able to dole out concessions "creates a breeding ground where corruption can flourish," the Prosecutor's Office official said.

The latest "concessions" scandal has also revealed a big problem in relation to the functioning of the Belarusian-Russian customs union. Explaining the motives behind his granting customs concessions to the Esambayev fund, Alyaksandr Lukashenka said that he took this step only when he saw a "flood of exemptions" from the payment of customs duties, which the Russian Government was granting to Russian firms without agreement with the Belarusian side, which is obligatory in such cases. As a result, according to Lukashenka, goods worth $3 billion (this figure is very doubtful — Editor's note) crossed the Belarusian border duty-free in just a few months of 1996. "I told the Russian Government: You do not have the right to do that without our consent. But there was no response," Lukashenka complained. Apparently the two countries' leaderships were competing

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with one another to see who could give more concessions. It is hard to see exactly how much the two countries' budgets have lost as a result of this competition — indeed, Alyaksandr Lukashenka himself, as he said, in the two years of his presidency, has signed around 200 edicts granting customs concessions to various firms. But so far only two have been made public — relating to the "Torgekspo" firm, about which IZVESTIYA has already written, and the Esambayev fund.

Belarus: Privatization Progress Over Past Half Year Detailed

WS3007090596 Minsk BELAPAN in English 0658 GMT 30 Jul 96

[FBIS Transcribed Text] Minsk, 29 July — Experts at the Ministry for State Property Control and Privatisation have summed up the results of privatisation over the first six months of this year. According to their report, 1,684 enterprises were privatised during the period from the beginning of this process in 1991 to early July this year. The experts say that the process was too slow because privatisation should follow restructuring and financial recovery which requires sizable funds. The experts point out that no state enterprises were transformed into joint-stock companies during the last 1.5 years. However, according to the 1996 state budget, privatisation is expected to result in incomes amounting to 1.5 trillion rubles [Br], including Br998 billion expected from privatisation of state enterprises and Br567.6 billion from that of municipal property. According to Vasil Davydzenka, Deputy Minister for State Property Control and Privatisation, these figures are feasible if the above-mentioned Ministry, sectorial ministries and the local authorities will make active joint efforts to speed up the process. Mr Davydzenka also holds that the recently introduced amendments into privatisation-related laws will be conducive. These amendments envisage new approaches to the participation of enterprises' staffs in the elaboration of privatisation projects, to the procedure of the formation of joint-stock companies' authorised funds, and to the participation of legal entities and private persons, including foreign ones in the establishment of joint-stock companies.

Moldova

Moldova: Smirnov, Russian Ambassador Discuss Dniester Settlement

AU2507153996 Chisinau BASAPRESS in English 1930 GMT 23 Jul 96

[FBIS Transcribed Text] Tiraspol 23/07/1996 (BASApress) — Russian Ambassador Aleksandr Papkin visited on Monday Tiraspol where he met Dniester leader Igor Smirnov.

According to the Dniester presidential press service, the two discussed issues related to the Chisinau-Tiraspol talks. They also examined a possible date for signing the Memorandum on the settlement of the Moldovan-Dniester relations and stressed the delay in signing the already agreed upon document is not a reason to stop the talks.

The release fails to specify the possible signing date the two had in mind.

Ambassador Papkin reiterated Russia's support for the observance of the earlier signed agreements.

Moldova: Snegur's Refusal To Sign Transdnestria Accord Criticized

LD2407135896 Moscow INTERFAX in English 1325 GMT 24 Jul 96

[FBIS Transcribed Text] CHISINAU, 24 Jul (Interfax) — Moldovan President Mircea Snegur's refusal to sign a memorandum of normalization between Chisinau and Tiraspol is a step back in the negotiating process, Grigory Marakutsa, parliament speaker of the self-styled republic of Transdnestria said Wednesday.

He said though parts of it were unacceptable to both sides, the memorandum was largely the result of a compromise and served as the basis for a comprehensive political treaty.

The speaker said Snegur, who decided not to sign the paper ahead of the November presidential poll, was being led by his own political calculations rather than the interests of Moldova.

He said Transdnestria's involvement in the presidential elections would unequivocally play against Snegur who, he said, was largely behind the 1992 regional conflict.

Marakutsa said that the region's participation in the presidential poll was directly connected with the signing of the memorandum and the prospects in the Chisinau-Tiraspol talks.

But he said Transdnestria would respect whatever choice was made by Moldovans and would be ready to cooperate with any Moldovan president.

Moldova: Parliament Urges President To Sign Deal With Dniester

LD2907193596 Moscow ITAR-TASS World Service in Russian 1349 GMT 29 Jul 96

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Excerpt] Chisinau, 29 July (ITAR-TASS) — The Moldovan parliament sent a message

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to the country's president, Mircea Snegur, today asking him to change his position and take part in the signing of the memorandum on the fundamentals of normalising relations between Moldova and the Dniester region. [passage omitted]

Andrei Sangheli, Moldovan prime minister, and Petr Luchinskiy, chairman of parliament, also spoke in favor of signing the memorandum as soon as possible. The parliament's message, published today, stressed that "Mircea Snegur's position does not promote an accelerated process of settling the Dniester region's problem". The deputies asked the head of state "to think again and sign the document within the time limits agreed by the sides".

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Tajikistan

Tajikistan: Government Forces Keeping Tavil-Dara 'Under Control'

LD2907183396 Moscow ITAR-TASS in English 1736 GMT 29 Jul 96

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, July 29 (Itar-Tass) — Tajik government forces keep the situation in the town of Tavil-Dara under control and opposition leaders' statements that they regained control over the town on July 23 do not correspond to the reality, according to an ITAR-TASS correspondent in Tajikistan who visited Tavil-Dara and the scenes of recent fighting over the weekend.

Tajik opposition leaders' assertions that government troops entered the town only on July 21, that is after the signing of a memorandum on temporary ceasefire in Ashgabat on July 19, also proved false as local residents said that army units had entered the town on July 12.

Tajikistan: Opposition Leader Abdullojonov Interviewed in Moscow

LD2907215996 Moscow Russian Television Network in Russian 1600 GMT 29 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] Tomorrow yet another Tajik political party, the Bloc for National Revival, will be presented to Moscow journalists. Their news conference takes place tomorrow. Today we have a report on one of the members of the movement.

[Begin recording] [Correspondent S. Zenin] [video shows man sitting at desk] This man is in hiding in Moscow. There have been several attempts on his life, but, even so, Abdumalik Abdullojonov does not lose hope that the situation will change and that he will return to Tajikistan. His move from the republic can be explained by his departure from the post of prime minister, by his disagreement with Tajikistan's ruling circles, and by the fact that he has never concealed his attitude toward the present authorities — or, more simply, by the fact that Abdullojonov wants to live.

[A. Abdullojonov, chairman, Party of Popular Unity of the Republic of Tajikistan] Any person with a civilized way of thinking has to be annihilated, and no one looks for them afterward. They kill distinguished scientists, academicians, journalists, merchants, businessmen, to say nothing of ordinary people, and no one will try to take any step to raise the matter. Why?

[Zenin] Today, Abdullojonov is chairman of the Party of Popular Unity, the internal Tajik opposition that is not killing anyone at the moment, but is the third force and hopes to gain power.

[Abdullojonov] We cannot have, let us say, one group of people who think they are the elite or the white masters, while the rest have no such right.

[Zenin] Mr. Abdullojonov seems to be certain of success. He claims to be favored by influential people in Moscow.

[Abdullojonov] Well, you know, we have no secrets. We have penetrated all levels and all the government institutions on which the fate of Tajikistan depends. We have good contacts. We have good relations with nearly all power structures. [video shows a large square full of people kneeling in prayer; street scenes]

[Zenin] Within the framework of the Constitution of Tajikistan, Abdullojonov and his associates are going to revise the structure of the executive. It is still hard to say what will happen if fortune smiles on this man. Jamshed Karimov and Abdujalil Samadov, two of the republic's former prime ministers, will come to power with him. One thing is clear — that, if Abdullojonov comes to power, no one is going to discount, nor will anyone be able to discount, the forces that are now restraining the bloodshed in Tajikistan and on which the present authorities rely. [video shows Russian troops sitting on armored personnel carriers; tank moving; view of a mountainous area from a helicopter]

[Abdullojonov] There is no point in even talking about the departure of the Russian border guards. If they do go, it will, inevitably, not be a second Afghanistan. It will be worse than Afghanistan in Tajikistan. [end recording]

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Armenia

Armenia: Presidential Adviser Fears Erbakan To Hamper Karabakh Talks

NC2607152796 Ankara TURKISH DAILY NEWS in English 25 Jul 96 p A4

[Report Ugur Akinci: "Armenia Fears Erbakan Is Obstacle to Nagorno-Karabakh Talks"]

[FBIS Transcribed Text] Washington—A senior advisor to the Armenian president told the TDN [TURKISH DAILY NEWS] that he was concerned that Prime Minister Necmettin Erbakan would not help the progress of negotiations on Nagorno-Karabakh, an Azeri enclave where ethnic Armenians live and which is occupied by Armenian forces.

Zhirayr Liparityan, an advisor to President Ter-Petrosyan and chief Armenian negotiator at the Nagorno-Karabakh talks, said "the new Prime Minister has to show something" to his voters by taking "a harder position." Talking at a National Press Club event, Liparityan said he expected Erbakan to give 100 percent support to the Azeris, "which would make the negotiations harder."

But besides that, he said he did not expect major changes in Turkish foreign policy. Turkey has followed a more neutral line in recent times concerning the Nagorno-Karabakh dispute, Liparityan said. But if Azeris think Turkey is now supporting them 100 percent, then that would make the Azeri position more rigid.

When an Armenian National Committee (Dashnak) member asked Liparityan why Armenia still does not officially recognize the Karabakh's independence? Liparityan said he did not consider such a recognition as a "major step towards anything." "If you are negotiating status [of Karabakh], you don't do anything to predetermine that status," he said. "We are not following a feel-good policy. We want to do good," he added.

Six Out of Seven

Concerning the possibility of transforming the ceasefire between Azerbaijan and Armenia into a permanent peace, Liparityan said Armenia was ready to return six of seven Azeri provinces back to Azerbaijan, with the exception of Lachin corridor. "Lachin has to be kept for security reasons," he said.

For some reason or other, the Azeris did not agree to our offer," Liparityan said. When asked by the TDN, he said he understood the emotional and intellectual reasons why Azeris objected to the offer.

But politically, recovering six provinces is better than getting back none of them, Liparityan said. "So I'm surprised from a political point of view," he explained.

President Ter-Petrosyan's senior adviser also added that he did not trust the decision making mechanism of Baku, although he thought Azeri President Aliyev "does not want war but peace." But, he said, "I don't know how it will be five years from now."

Armenia: Leaders of 3 Parties Confident of Petrosyan's Reelection

LD2907184396 Moscow INTERFAX in English 1543 GMT 29 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The leaders of three Armenian parties — Republican, Liberal-Democratic and Christian-Democratic — at a news conference in Yerevan voiced confidence in the reelection of President Levon Ter-Petrosyan on September 22. Ashot Navasardyan, Vigen Khachatryan and Azat Arshakyan said the Republic coalition of six leading parties including their own will nominate Ter-Petrosyan.

They voiced hope that the coming elections will launch a tradition of democratic voting and become a model.

Navasardyan expressed the opinion that in the past the president did not meet the public often enough and hoped and the mistake will be corrected not only during the election campaign, but later, if Ter-Petrosyan is elected.

"A dialogue with the people is necessary and beneficial, even if Ter-Petrosyan has only one rival in the elections," Navasardyan said.

The three politicians regretted the weakness of the opposition before the elections. They accounted their disappointment to the fact that only the rivalry of comparable groups can guarantee the self-regulation of society. In their opinion it would have been preferable, if Ter-Petrosyan had a stronger rival that the present weak opposition.

The politicians also criticized the Armenian media for a shortage of topical materials deeply analyzing the situation in the country before the elections. In their opinion the local media are giving a very superficial coverage of the situation.

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Armenia: Bagratyan Satisfied With Economic Growth

LD2907184196 Moscow INTERFAX in English 1543 GMT 29 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Prime Minister Grant Bagratyan thinks Armenia has the best indices of economic growth in the CIS.

"In the first six months of the year the gross domestic product in Armenia grew 4-5 percent compared to the same period last year which is the best figure in CIS countries," he said at a conference of the Armenian Union of Industrialists and Entrepreneurs in Yerevan last Saturday.

The prime minister said there are about 81,000 entrepreneurs or self-employed persons in the country, 350,000 more work for privatized companies and some of the companies have started making dividends. Bagratyan said on the whole private production is gradually unfolding.

He called privatization a serious structural institutional revolution in Armenia. After the program is completed the number of private owners is expected to exceed 100,000.

The 1996 privatization program has not been launched because the 1995 program has not been completed. Bagratyan said the current liquidity of privatized companies is 2-3 times higher than of government-owned. Financial recovery has begun and companies are not so keen on production volumes.

Besides, 95 percent of manufactured goods are sold which in Bagratyan's opinion forms a good foundation for tangible economic growth in 1997. He compared the current situation in Armenian industry with the situation in farming in 1992 when nobody had faith in its future. "Today growing reproduction in farming is a fact," he stressed.

According to Bagratyan, in 1998 Armenia will start forming high tech production units to develop competitive production by 2005-2010. The program will be backed by the government. However, support will be given only to companies with a development potential.

Bagratyan found the volume of investments in Armenia insufficient. He said in neighboring Georgia the volume of investments is 2-3 times greater.

Georgia

Georgia: Defense Minister Says Talks With Russia 'Extremely Useful'

LD2907154996 Moscow INTERFAX in English 1337 GMT 29 Jul 96

[FBIS Transcribed Text] TBILISI, July 29 (Interfax) — Georgian Defense Minister Vardiko Nadibaidze described the negotiations between representatives of the leadership of the Russian and Georgian Defense Ministries in Moscow July 26-27 as "extremely useful."

Addressing journalists in Tbilisi on Monday he said that the parties considered different aspects of cooperation, including issues related to the stay of Russian forces in Georgia.

According to Nadibaidze, they signed a document "which will promote further construction of the Georgian armed forces with the help of Russia."

Russian Defense Minister Col. Gen. Igor Rodionov and Nadibaidze signed an agreement on military-technical cooperation between two states in Moscow on Saturday.

Nadibaidze did not reveal the contents of the document.

Speaking at a press conference in Tbilisi in June, Nadibaidze said that Georgia plans to sign a document with Russia on equipping the Georgian army with military equipment and arms up to full strength in exchange for part of the Georgian quota for heavy arms received in the framework of the CFE [Conventional Forces in Europe] Treaty.

Georgia: Minister Says Georgian, Abkhazian Leaders Should Meet

LD2907163296 Moscow INTERFAX in English 1350 GMT 29 Jul 96

[FBIS Transcribed Text] TBILISI, July 29 (Interfax) — Georgian Foreign Minister Irakly Menagarishvili has emphasized the need for a meeting between Georgian President Eduard Shevardnadze and Abkhazian leader Vladislav Ardzinba for a settlement of the conflict between Georgia and the Georgian breakaway province of Abkhazia.

"However, the meeting should necessarily bring results. That is why the sides need to meet on a high level in advance."

Menagarishvili told reporters in the Georgian capital of Tbilisi on Monday.

Shevardnadze and Ardzinba have already met, he said, adding however that these meetings had not brought expected results.

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Georgia: Abkhazia, Georgia Agree To Extend Stay of Russian Troops

LD2907174796 Moscow INTERFAX in English 1501 GMT 29 Jul 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, July 29 (Interfax) — Georgian and Abkhazian negotiators have essentially agreed to extend the term of the CIS-sanctioned Russian peacekeeping force in Abkhazia, a source in the Russian government told Interfax. The original term ran out on July 19.

On the other hand, the two sides could not agree on the expansion of the force's scope, he said. "The Georgians want the force to look after the entire Gali district (in Abkhazia). The Abkhazians flatly reject this," the source said.

Russian Deputy Foreign Minister Boris Pastukhov may go to the conflict area to try to resolve the dispute when he meets Abkhazian and Georgian officials in the Gali district, the source said.

"If nothing changes, Pastukhov will go there on August 1 or 2. A compromise may also be struck before his trip if the officials engaged in the Georgian-Abkhazian consultations have appropriate instructions from their superiors," he said.

Pastukhov, whose job is to tackle conflicts inside CIS member nations, will go there in any event to see for himself the plight of the refugees, the source said.

Georgia: Abkhazians Threaten To Seize UN Military Observers

AU3007105496 Tbilisi REZONANSI in Georgian 23 Jul 96 p 1

[IBERIA report: "The International Community Will Not Tolerate Outrages on the Part of Abkhazia"]

[FBIS Translated Text] It is stated in a special UN note on the course of the Georgian-Abkhazian negotiations that Abkhazian fighters have of late been threatening UN military observers who are located in the Abkhazian conflict zone. In particular, the family of the Pachulia brothers who were convicted and sentenced in Zugdidi has delivered an ultimatum to the UN military observers according to which, if they do not help in securing the release of the Pachulia brothers, Abkhazian fighters will take several UN military observers prisoner and will demand they be exchanged for the Pachulia brothers. On behalf of the UN, the Security Council chairman has severely condemned such an ultimatum and warned the Abkhazian side that the international community will not tolerate outrages on their part.

Georgia: Russian Army Outlines Caucasus Communications Priorities

LD2907164096 Tbilisi IPRINDA in Russian 1255 GMT 29 Jul 96

[FBIS Translated Excerpt] Tbilisi, 29 Jul — An IPRINDA correspondent has been told by an informed source at the headquarters of the unit of the Russian troops deployed in the Transcaucasus that, during the drawing up of the document "On unhindered functioning and special protection of communications on Georgian and Armenian territories," the Russian military gave priority to securing the following:

1. Communications from the Azeri border up to the sea ports of Batumi and Poti, as well as through Sukhumi to Sochi. In case of danger, mixed Georgian-Russian subunits are to undertake the protection of all transport communications. The authors of the document think it is possible that the Russian peacekeeping forces, the Russian Black Sea Fleet units and ships, as well as the Abkhaz separatists' military formations could carry out these duties in Abkhazia.

2. The protection of communications that connect the Black Sea ports of Poti and Batumi to Armenia, together with the Armenian Armed Forces. The Russian military bases deployed in Akhalkalaki and Akhaltsikhe, together with the units of the Armenian army undertake the control of a 350-km stretch of a highway. [passage omitted]

Georgia: Law Enforcement Ready for Incoming Wave of Russian Criminals

LD3007090696 Moscow INTERFAX in English 0826 GMT 30 Jul 96

[FBIS Transcribed Text] TBILISI, July 30 (Interfax) — Georgia's law-enforcement bodies have announced that they were ready to deal with a possible inflow of Georgian criminal elements from Russia, where, in the estimate of the Georgian authorities, a large-scale campaign has been launched to combat crime.

The Georgian Interior Ministry, Prosecutor General's Office and Security Ministry circulated a statement Tuesday, which says that they will do everything they can to maintain stability in Georgia.

The document says that hundreds of criminals hiding in Russia may try to return to Georgia.

It also says that the Interior Ministry, the Prosecutor General's Office and other law enforcement agencies have carried out operations in Rustavi, Batumi and other cities, in which several "crime barons" who had returned to Georgia from Russia were detained.

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"Several criminals wanted in Georgia have been detained in Moscow with the help of Russian specialists," the document says.

Georgia: Shevardnadze on Economy, Crime, Other Issues

LD2907162296 Tbilisi Radio Tbilisi Network in Georgian 0505 GMT 29 Jul 96

[Interview with Georgian President Eduard Shevardnadze by unidentified correspondent; place and date not given — live or recorded; monitored in progress]

[FBIS Translated Excerpt] [Shevardnadze] The necessity to mobilize financial-credit resources, stabilize local industry, promote small- and medium-size business, improve energy and food sectors, increase revenues from export, which is especially important at the present stage, and resolve the existing problems of balance of payments in the near future makes the extension of relations with the International Monetary Fund and other international organizations essential. Major attention will be paid to a still low proportion of tax revenues in the gross domestic product. This constitutes only 5.5 percent at the moment. I have mentioned 10.5 percent, but that figure included grants, too. [passage omitted]

A visit of a joint delegation of the German Credit for Reconstruction Bank, the World Bank, and the European Bank for Reconstruction and Development has a profound significance for the successful implementation and completion of the ongoing process of restructuring the country's energy sector, taking into account the vital importance of the development of the sector. The visit aims at drawing up a detailed program of the rehabilitation of Georgia's energy sector, together with the newly-established Ministry of Fuel and Power Engineering and other appropriate offices. The creation of our own reliable financial base has to play a crucial role in addition to the assistance from foreign partners who have already carried out a significant volume of work. Therefore, all economic or administrative sanctions indicated in the 30 May presidential decree, and aimed at decreasing debts to the energy system, which have already exceeded 135 million lari, have to be strictly, or rather thoroughly, executed. [passage omitted]

Last week's government meeting considered measures for implementing budget and payment policy provided for by the new regulations and the new structure of the Finance Ministry, drawing up the state budget and controlling the expenditure of financial resources through the Treasury, which is an absolutely new service for us. These needs apply new qualitative features to the ministry and increase its commitments to the people and state significantly. The inclusion of independent structures of tax and customs services into the ministry will have to make the ministry more future-orientated and more effective with regard to the collection of tax revenues and to catch up with the arrears accumulated since the beginning of the year. [passage omitted]

[Correspondent] A government meeting was held last week. We may recall the previous expanded meeting of the government at which, in the absence of the Prosecutor General, Mr. Qipiani, deputy prosecutor general, spoke and revealed terrifying facts that were already more or less known to the public. At the latest government meeting, Prosecutor General Jamlet Babilashvili revealed grave infringements, which could be regarded as crimes, committed by the government — I mean by several individuals. The revealed facts caused lots of hearsay, especially after the material had been published in the SAKARTVELOS RESPUBLIKA newspaper.

[Shevardnadze] You may recall that an extraordinary commission has been set up by the president's decree. The commission, headed by the prosecutor general, is to check and investigate the financial and economic activities of the government in 1991-95. [passage omitted] This is the period characterized by unfavorable developments. To look for criminals who do not exist is not our objective. However, we have to recreate a full picture of how the public wealth is spent and sometimes wasted. We need this today and the future generations need this, too. The current authorities have to commit themselves to thwarting corruption. I agree with the prosecutor general that a lot of government decisions were made in extreme situations and were prompted by extraordinary circumstances in the country. But, as preliminary reports show, there is no doubt that there were frequent incidents of self-indulgence and misappropriation of large amounts of public funds. Our conscience will not be clear if we fail to expose those public figures, of course in inverted commas, who, like leeches, sucked blood from the devastated country. Georgia will fail to gain a stable stand if law fails to reign and if certain individuals do not give up rummaging through the vaults of the state and people's pockets. However, the fight against corruption must not impede the development of business. On the contrary, corruption impedes business and private initiative. Therefore, we have to free hundreds of thousands of proprietors and businessmen from the grips of corrupt people. [passage omitted]

[Correspondent] It was not long ago, when criminals infiltrated practically all the spheres, including politics, economy, law-enforcement bodies, and so on. Speaking of achievements of the recent period, speaking of certain changes in Georgia, however small they may be, everyone from the president to a common citizen

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emphasizes the changes in the crime situation. [passage omitted] Now, our criminal compatriots, who have fled the country, are being persecuted in Russia and other foreign countries. Some of them are returning home. Obviously, this will not have a good and positive effect on the country against the background of relative stability in the crime situation. What is your forecast in this respect? What do you think of claims by certain circles about human rights and the rights of political prisoners in the country?

[Shevardnadze] Thank you for asking this question. I have had an urge to express my view on this subject. Georgia drew itself up and the people of Georgia sighed with relief after the lawless abandon of criminals had been curbed and illegal armed gangs had been disbanded, which included terrorists, murderers, and robbers gathered in Kitovani's forces and the Rescue Corps, as well as traitors and bandits led by Kobalia.

Regardless of how hard the tabloid press endeavors, I mean the tabloid press not the free press, to turn yesterday's criminals into today's heroes, they will be unable to achieve anything. I have decided to elaborate on this issue because many newspapers have become rostra for criminals. [passage omitted]

Some people speculate on the topic of human rights violation and that of political prisoners. I have recently said and would like to reiterate that there have never been and there will never be political prisoners in Georgia. I would like to invite intergovernmental or international public organizations to come and inspect everything in order to satisfy themselves. As far as human rights violations are concerned, the protection of rights is a matter of principle for us and we are prepared to cooperate with anyone and to eradicate the shortcoming that still occurs in the country now and then. We are well aware of this. Incidentally, some convicts, who are the most ardent critics of the authorities for the violation of human rights, give several interviews a day and are not far from becoming columnists in various papers. [passage omitted]

It is well known that, following the fierce battle against crime in Georgia, hundreds and even thousands of murderers, Mafiosi, and racketeers have fled the country. A great number of those have found havens in the Russian capital. They have committed grave crimes there and in other parts of the world. The Russian authorities are carrying out active measures against criminals. According to the latest reports, our former compatriots have remembered that they have a motherland and, moved by patriotic feelings, they started to return to Georgia. [passage omitted] As for criminals, professional thieves, murderers, and bandits, I can tell them: Do not dare return to commit wrong-doings. Georgia will give those who devastated tens of thousands of families and brought trouble to the people, their just deserts. [passage omitted] I have already issued strict instructions on this to the Ministry of Internal Affairs, the Ministry of State Security, the Georgian Prosecutor's Office, and local administrations. Only those with goodwill and the desire to work and build can return to the country.

[Correspondent] Talks on the Abkhazian issue are continuing in Moscow. Several statements have already been made about the probable refusal to extend the mandate of the Russian peacekeeping forces. In your interview last week, you disapproved of the activities of the peacekeeping forces stationed in Abkhazia. Meanwhile, in Vladikavkaz, Georgians, Ossetians, Russians, and the OSCE [Organization for Security and Cooperation in Europe] representatives are considering the issue of the revival of Tskhinvali.

[Shevardnadze] I will begin with the meeting in Vladikavkaz. The meeting has proved to be quite interesting, constructive, and successful. The date of my meeting with Ludvig Chibirov [chairman of the South Ossetian Supreme Council] will be set in the next few days. I believe that our meeting will be crucial for settling the Georgian-Ossetian conflict. Meanwhile, an irreversible process of the two peoples' reconciliation is going on. Georgians and Ossetians, historically comrades-in-arms and like-minded peoples, are seeking and finding ways and means to restore kinship, neighborliness, and friendship. The process is under way and no one can stop it.

Some important elements, however tiny, have appeared in settling the conflict in Abkhazia. Vigorous work is going on in Moscow. The object of the mandate is being verified. The latest resolution by the UN Security Council, which was passed owing to support by friendly states, has had a positive effect. Russian diplomacy has also become more active. Serious results were achieved during the meeting of the Russian and Georgian defense ministers.

Incidentally, I have to say in response to some critical and shallow statements that my position with regard to the appointment of General Igor Rodionov is absolutely precise, well-calculated, and balanced. I would like to tell some critics that the Georgian president has to be governed not only by emotions, but also by current circumstances and the supreme interest of the country. [passage omitted: a decision to have Anatoliy Sobchak's book about the April 1989 events in Tbilisi published. The book is the result of an investigation of tragic developments when Russian troops, headed by

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the current Russian defense minister, dispersed a rally killing 20 people]

[Correspondent] Mr. President, you know that political gossiping is very popular in Tbilisi, perhaps as it is in any city. There is serious talk about the resignation of Minister of State Niko Lekishvili. Rumors say that he will be appointed ambassador to a foreign country, a new minister of state is soon to be appointed, and the like. There is a lot of talk about this. Not only are people gossiping, but newspapers are also writing about it.

[Shevardnadze] I have also heard the rumors. The abundance of gossip is a phenomenon that usually accompanies the birth of a pluralistic and democratic society. [passage omitted: gossip spreads swiftly in Georgia] Rumors about plans to transfer the minister of state to another position and subsequent new appointments have no grounds at all. I call on the population to consider with extreme caution and criticism all rumors served up on them by newspapers.

[Correspondent] The final question. You have repeatedly spoken about terrorism, pointed to the link between aggressive separatism and terrorism. You have said that, unless a large-scale fight against terrorism is launched, terrorist acts will become more and more frequent and will have more and more serious consequences. Although any terrorist act is a woeful event, last week's terrorist act was even more distressing because it occurred during the biggest and most fascinating sport festival, during the Olympic Games. [passage omitted]

[Shevardnadze] I will reiterate what I stated officially yesterday. As far as I know, the statement has already been circulated by the media. The terrorist act has certainly shocked me. I would add to it that today's world is threatened by two horrible and deadly diseases, terrorism and aggressive separatism. The latter, I mean aggressive separatism, breaths life into terrorism and instigates it psychologically, materially, and even culturally. It is high time that all the countries of the world, big or small, turned from protests and declarations to actual deeds. Mankind, which achieved almost the impossible by defeating the Cold War without bloodshed and casualties, cannot face terrorism and aggressive separatism helplessly. [passage omitted]

Georgia: Prosecutor General Accuses Ministers of Abusing Power

LD2907165296 Moscow ITAR-TASS in English 1508 GMT 29 Jul 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, July 29 (Itar-Tass) — Georgia's Prosecutor General on Monday accused a number of high-ranking officials in the cabinet of abusing power between 1991 and 1995 by passing a total of 1,500 acts, instructions and decrees which proved to be detrimental for the country's national interests.

In an interview to the Sakartvelos Respublika newspaper Jamlet Babilashvili said among the officials who passed unlawful decrees and instructions between 1991 and 1995, were former prime ministers and deputy prime ministers.

Basilashvili currently chairs a special state commission investigating the cabinet's financial and other activities between 1991-1995.

According to Basilashvili, some of the unlawful acts were passed when Georgia saw various critical situations, others were adopted because of the incompetence of high-ranking officials and their indifference towards their duties. He also said many unlawful decrees were deliberately passed in violation of national legislation.

Babilashvili did not exclude the possibility that after the commission completes its investigation, criminal proceedings may be instituted against those persons.

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Latvia

Latvia: Skele Holds News Conference, Defends Defense Minister

LD2607140996 Riga Radio Riga Network in Latvian 1200 GMT 26 Jul 96

[FBIS Translated Text] The minister of defense is not responsible for the observance of Army regulations, a news conference was told today by Prime Minister Andris Skele, in response to a question from journalists as to why, after several fatal incidents among soldiers in the Army, Minister of Defense Andrejs Krastins is not resigning. The minister of defense provides political leadership for the Army by concerning himself with the budget and foreign relations, Skele explained.

However, the prime minister has resolved to see that those directors of state enterprises who are (?in practice) prepared to overspend funds allocated from the state budget are brought to justice. So far two (?cases) have been found: the directors of the Hydrometeorological Administration and the National Opera. On the other hand, the directors of liquidated state property who (?unwisely) administered and sold off buildings for paltry sums will evidently not be brought to justice. Skele avoided giving a clear answer on this question, (?noting) that at least they had not squandered money.

It is possible that the regulations adopted by the Cabinet of Ministers in accordance with Article 81 of the Constitution and with the force of law — which, contrary to the law on the avoidance of corruption, allow state officials to continue working on the boards of business enterprises after 1 August — will not be applied. It is planned that these draft regulations will be debated by the government factions on 30 July. The prime minister does not support adopting such regulations, he affirmed at today's news conference. The government factions of the Latvian Way and the Democratic Party Saimnieks have already called for the observance of the stipulations of the anti-corruption law, while representatives of the Union for the Fatherland and Freedom have resigned their posts on the boards of companies.

Skele also announced at today's news conference that he does not intend to start talks to restore a preferential regime for transit through Latvian ports, which is being abolished with Russia from 1 August. He said that everything will be resolved by both countries entering the World Trade Organization, as will happen this year. This organization's statutes provide for equal positions toward all trade partners. Skele also said that pressure has been put on the government by Russian businessmen, as it was of primary interest to them that the preferential regime for transit be abolished. Therefore, the Latvian prime minister (?places) great hope on the visit to Latvia by a delegation of Russian industrialists and businessmen led by Arkadiy Volskiy. The delegation yesterday visited the port of Liepaja and agreed with local authorities and businessmen that cargo turnover at the port of Liepaja must be increased more than fourfold, up to 6 million tonnes a year.

Latvia: Ulmanis To Decide on Dalbins Dismissal After Inquiry

LD2507172496 Riga Radio Riga Network in Latvian 1600 GMT 25 Jul 96

[FBIS Translated Text] The state president does not intend for the time being to demand that the Saeima rule on the dismissal of Juris Dalbins, commander of the National Armed Forces, as Dalbins has been discharged from his duties only pending the end of the investigation, President Ulmanis' press secretary has announced. This means that only after the end of the investigation will the president have to decide whether to demand from the Saeima Dalbins' dismissal from the post of commander of the National Armed Forces, or Dalbins may resume executing his duties. We have already reported that on the instructions of the prime minister, Defense Minister Andrejs Krastins yesterday discharged Dalbins from his duties.

The prime minister's demand was a reaction to tragedies in the army. (Anita Cesniece), investigator of serious crimes with Bauska criminal police, has told BNS that the criminal investigation will take at least a month. Yet at yesterday's news conference, Krastins announced that within about a month he plans to reorganize the National Armed Forces staff, merging it with the Home Guard staff, as their functions often overlap. Moreover it is planned in the near future to hand over the functions of the border guards, which are currently the province of the Ministry of Defense, to the Ministry of Internal Affairs.

Latvia: Ulmanis Appoints Acting Armed Forces Commander

LD2507185596 Moscow INTERFAX in English 1531 GMT 25 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] President Guntis Ulmanis has appointed Gaidys Zeibots, the country's navy commander, temporarily in the charge of the Latvian armed forces before the parliament approves the resignation of former armed forces commander Juris Dalbins, a presidential spokesman told reporters.

He said Zeibots, who was recalled from his leave, met the president on Wednesday. Ulmanis thinks it was right

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to suspend the commander while an investigation is under way into latest developments in the army.

Prime Minister Andris Skele has demanded early this week that Defense Chief Andreis Krastins sack the armed forces commander following a series of incidents in the border guard in which three servicemen were shot dead by their drunken colleagues.

The spokesman said Ulmanis does not plan to call a special session of parliament to decide on Dalbanis's fate.

Instead, the president called on Latvian deputies, Krastins and Deputy Prime Minister Ziedonis Chevers for more discipline in discharging their duty in respect of the armed forces.

Krastins himself announced on Wednesday that he prepared an order on the commander's dismissal.

Under the constitution, the defense minister can dismiss the country's armed forces commander only on a demand from the prime minister or the head of state.

Krastins said his decision was politically motivated and that nothing would change in the army following Dalbins's dismissal.

He lauded Dalbins's showing as army commander and spoke of seeing no suitable candidate to replace him. "He is the most respected officers of the armed forces wielding influence both in the army and home guard," the minister said.

Krastins declined to comment on a possible decision by Latvian deputies apart from saying that such decisions should not be taken in a emotional way.

He also said he would resign immediately if pressed to do so.

Government aide Jurgis Liepnieks said the prime minister had expressed dissatisfaction with Krastins's work, but did not deem it necessary to sack Krastins.

Skele does not think that the defense minister should be made accountable for the recent incidents because of being responsible only for political leadership and finances of the national army.

By contrast, the armed forces commander is responsible for army discipline, Liepnieks said.

In the meantime, the prime minister's decision to dismiss Dalbins has evoked a sharply negative reaction from the big parliamentary faction, Saimnieks, which accused Skele of making the army commander a scapegoat.

Latvia: Border Agreement With Lithuania Depends on Oil Field Pact

WS3007081996 Tallinn BNS in English 1902 GMT 29 Jul 96

[FBIS Transcribed Text] Riga, Jul 29, BNS — Lithuania could possibly comply with Latvia in the sea border issue if the latter agreed to share its oil fields in the disputable area of the Baltic Sea, former head of the Latvian delegation and Foreign Ministry's State Minister Juris Sinka told BNS on Monday.

"It is unlikely that Lithuania will back down from its stance without a compromise although nobody knows if oil is there. If Latvia agreed to share the oil fields, maybe an agreement on the sea border would be reached," said Sinka.

He explained the previous unsuccessful rounds of talks with the insufficient powers of the Latvian delegation.

The former minister considers that the Latvian delegation was competent and was trying to solve the border issue according to internationally accepted norms and on the basis of scientific data.

Sinka voiced an opinion that the talks on the sea border delimitation are hampered by Lithuania's economic interests, the upcoming parliamentary elections and the undetermined border with Russia.

Lithuanians keep firm to their stance in the border issue and to their economic interests, said the Latvian diplomat.

He noted that the Lithuanian-Latvian talks are attentively followed by Russia which does not have a delimited sea border with Lithuania.

"If Lithuania comes to a compromise with us, Russia will expect the same from them," explained Sinka.

The diplomat said that Latvia is more interested in signing the border agreement as the parliament has to ratify an agreement with Amoco until Oct. 31. The agreement is currently considered by Saeima committees.

The agreement, which envisages exploration and drilling for oil in the continental shelf of the Baltic Sea without Latvia's investments, can take effect only after signing the Latvian-Lithuanian sea border agreement.

On July 22, Latvia asked Lithuania to postpone the fifth round of talks "due to technical reasons." On July 15, the prime minister announced about liquidation of the state minister's post in the Foreign Ministry, which was occupied by Juris Sinka. Sinka was also heading the Latvian delegation for sea border talks with Lithuania.

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Sinka failed to name a candidate who, in his opinion, could be suitable for heading the Latvian delegation. According to unofficial information, Foreign Ministry's State Secretary Maris Riekstins, who was heading the Latvian delegation for sea border talks with Estonia, is mentioned as a possible candidate for the post.

BNS was told in the Foreign Ministry that the head of the Latvian delegation for talks with Lithuania has not been confirmed as yet, but it will be done in the near future.

Latvia: Russian Oil Concern To Import Cuban Sugar Via Liepaja Port

WS3007090296 Tallinn BNS in English 1749 GMT 29 Jul 96

[FBIS Transcribed Text] Riga, Jul 29, BNS — One of the largest Russian banks, Menatep, and the influential Jukos oil concern have intentions to enhance their activities in Latvia.

The Union of Russian Manufacturers and Entrepreneurs President Arkady Volsky made the comment Friday at a press conference in Riga.

The trade company Menatep-Impeks is set to bring a substantial part of its imported Cuban sugar through the Latvian port of Liepaja, Volskis noted.

"It cannot be said unambiguously whether Jukos will participate in the promoting of the Liepaja port's development and export operations — it will be clear in mid-August," he said.

Jukos is the second largest Russian oil company, whose controlling stake is held by Menatep.

Lithuania

Lithuania: Foreign Ministry Views U.S. Assistance to Visegrad States

LD2407194396 Vilnius Radio Vilnius in English 1900 GMT 24 Jul 96

[FBIS Transcribed Text] The Lithuanian Foreign Ministry has described as very significant the $60 million military assistance of the United States to Poland, the Czech Republic, and Hungary.

On Tuesday the U.S. House of Representatives approved a military assistance program for the preparation of the Visegrad treaty countries to join NATO. Commenting on the initiative, a high-ranking official of the Lithuanian Foreign Ministry expressed the hope that the U.S. Congress would clearly state its interest in the security of the Baltic states and would grant similar military assistance to Lithuania, Latvia, and Estonia in the future.

The Lithuanian diplomat was satisfied with the discussion of the U.S. Congress. During the debate many congressmen said Lithuania and the other Baltic states were potential new NATO members.

However, in the bill passed by the Congress, they are not mentioned among the Central European states which [words indistinct] and are entitled to the $60 million military assistance.

Lithuania: Foreign Ministry Hails Congress' Decision on NATO Funding

WS2507081396 Tallinn BNS in English 2041 GMT 24 Jul 96

[FBIS Transcribed Text] Vilnius, Jul 24, BNS — The Lithuanian foreign ministry called the US congress's House of Representatives' decision Tuesday to allocate 60 million USD in military aid to Poland, Hungary and the Czech Republic, in preparation for NATO membership, "an important step forward."

A high-ranking Lithuanian foreign ministry official, commenting on the bill proposed by House of Representatives' foreign relations committee chairman Benjamin Gilman, expressed the hope that during further discussions congress would clearly express its concern with Lithuanian and the other Baltic states' security and support them in seeking NATO membership.

The Lithuanian diplomat gave a positive assessment of the discussion which took place in congress, noting that during debates Lithuania and the other Baltic states were referred to as having real chances for NATO membership.

This, he believed, was the point of view expressed by a large number of congressmen during discussion, although in the draft bill the Baltic states are not mentioned along with the Central European countries which have achieved the greatest progress and to whom it is proposed 60 million USD in aid for preparing for NATO membership be extended.

However, another article of the bill stipulates Lithuania and other possible NATO candidates be offered the possibility of using the 60 million USD in financial support in preparation for NATO membership and together with the Visegrad governments participate in the US-financed regional air space initiative program, the foreign ministry official said.

The aid bill was supported in the House of Representatives by 353 congressmen and opposed by 65. The bill must still be debated in the senate.

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